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PEASANT COOPERATION AND AGRARIAN REFORM IN RUMANIA

Introduction

TRANSYLVANIA, Bukovina and Bessarabia, though included in the present political boundaries of Rumania, are not dealt with in this paper because they were separated from the mother country during the development of the peculiar institutions under consideration. The first popular bank in Rumania was founded in 1894. Within a dozen years there were 2,000 of them, with a capital of 20,000,000 francs. Peasant cooperatives are an offshoot of these banks. The same period of time saw the cooperatives well established in their characteristic forms. Thus this discussion is properly confined to political Rumania, within the boundaries as they then existed and continued to exist until 1913. Southern Dobrudja, taken from Bulgaria in 1913, was retaken by that country in 1916, held until 1918 and occupied by Allied troops in 1919, so that it has not been economically assimilated to Rumania.

The period of time intensively covered in this study is from about 1895 to 1919. A brief historical introduction seems desirable, to make sure that writer and reader view from the same angle the general economic and social foundation upon which Rumanian peasant cooperative organizations rest, the situation which called them into being and the peculiar problems with which they have to deal.

To begin with, there is practically no vestige, even in terminology, of any agrarian institutions set up by the Romans during their occupation (106–271 A. D.) of the province of

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Dacia (present-day Rumania). The next thousand years, during which Asiatic and North-European hordes swept through the eastern and southern parts of this territory on their way to southern Europe, have left us next to no records. Transition from a system of village communities of free landholders to feudalism, the appearance of lords, serfs, labor dues *etc.*, resembled similar phenomena in more familiar parts of Europe sufficiently to render detailed discussion unnecessary. Nor was the suzerainty of the Ottoman Empire over the Rumanian lands remarkably different at the outset from overlordships in Western Europe at about the same time. The Rumanians, a weak people numerically, merely entered into a sort of alliance with the most powerful military state of that day, paying tribute in exchange for protection against their ambitious neighbors.

The Turks increasingly abused their suzerainity, until finally, under the Phanariot Greek princes (1712–1821), civil liberty for the poorer Rumanians almost entirely disappeared. The Greek princes and tax-gatherers, ever urged to greater extortions by their Turkish overlords, practically took possession of the country, "farming" the last *piastre* out of the miserable peasantry. Such peasant proprietors as remained often had to give up their lands through inability to pay the taxes, and in similar fashion the larger proprietors, in league with the government, usurped the holdings of the smaller. The Rumanian principalities became a country of great landlords.

The outbreak of the Greek revolution in 1821 was a signal for revolt against the Phanariots throughout the Rumanian country. The Russians came in their place in 1828, occupying the territory until 1834. Already, in 1805, the landlords had secured the right to one-fourth of the meadow land for their own private use, and to this was added in 1828 one-third of the cultivable land. Agriculture became extremely profitable after the opening of western markets by the Treaty of Adrianople (1829), and the proprietors began a steady encroachment upon peasant holdings.

Hopeful of ingratiating themselves with the Rumanian *boyars* or ruling classes, the Russians favored them in the new constitution, the *Règlement Organique*, which they introduced. Im-

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munity from military service might be purchased. The Czar's plenipotentiary, General Paul Kisselev, desired a readjustment in favor of the peasants, but the proprietors stood firm and he yielded. Beyond certain jugglings with the old terminology, including the absurd assumption by the large proprietors of the title "lords of the land," the paramount Rumanian question, that of the land, was left substantially untouched.[1]

By 1848 the proprietors had succeeded in considerably distorting this constitution in practice to their own advantage. A group of young Rumanians who had witnessed the revolution of that year in France returned to their own country while Europe was in the throes of social upheaval and organized a short-lived republic. A provisional government declared the peasant free from labor dues and master of the land he occupied. A mixed commission of seventeen peasants and seventeen proprietors was appointed and immediately disagreed—the peasants wishing to take the land for money payment, the proprietors objecting on the ground that the peasants would not be able to pay them. The agrarian question was smothered in the Russo-Turkish intervention of the next year, but it kept on smouldering underground.

Wallachia and Moldavia were united after the Paris Conference of 1856 and the Conference of 1858 which met under its auspices, and the union was acknowledged by the Porte and the Great Powers in 1861. Cuza, the first Prince of united Rumania (1859–66), took up the agrarian question in a zealous spirit of reform. He vetoed a reactionary agrarian law passed by the assembly, dismissed the Conservative ministry and called Michel Kogalniceanu, a young Liberal educated in western Europe, to help draft a reform act. First, the lands of the Greek monasteries were seized—about one-fifth of the whole. When the assembly rejected his agrarian reform act, Cuza executed a *coup d'état* (May 2, 1864), giving himself, with the aid of a council of state, the right to initiate legislation. A

[1] Jorga, *Question Rurale*, p. 46; also his *Geschichte des Rumänischen Volkes*, II, 254 *et seq.* But see Mitrany, *The Balkans*, pp. 275–6, who asserts that the peasant holdings were cut in two. Prince Nicholas Soutzo, *Mémoires*, Vienna, 1899, pp. 97–8, states that peasant conditions were much improved.

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free and compulsory education act was promulgated; and universal suffrage was introduced, to secure the full peasant support for a new land act. This "rural law"[1] of August, 1864, was a moderate measure. It abolished the provisions of the *Règlement Organique*, with the feudal labor dues *etc.*, and made the peasant absolute proprietor of his holdings, the large proprietor getting full title to the remainder for the first time. The proprietors were to receive compensation for their claims to labor dues *etc.* It is a remarkable fact that hitherto the old communal ideas about land had never quite perished or even entirely disappeared from the laws. We may say that the year 1864 marks the birth of the idea, as we entertain it, of complete private property in land. Even then, the state recognized communal rights in forests and pastures.

This law of 1864 has been severely and quite unjustly criticized.[2] Prince Cuza and his minister, Kogalniceanu, did not expect to transform land tenure at a stroke, but they inaugurated a program which, if conscientiously carried out for a period of years, would have produced far-reaching beneficial effects. It had the approbation of the sober, industrious working people throughout the country, but the privileged classes, who opposed it, were too well organized. Cuza's government was overthrown in 1866, and Carol of Hohenzollern was called to the throne. King Carol, who assumed the royal title in 1883, was a great soldier and one of the most distinguished diplomatists of Europe. This latter fact turned out to be a great misfortune for his country, directly because it resulted in diplomatic matters being left largely in his hands, and indirectly because his preoccupation with them and with military questions distracted his attention and time from the one great Rumanian issue—the land.

The constitution of 1866, modeled upon that of Belgium, was democratic in form but not in practice. One ministry followed another with bewildering rapidity for four years, the Conservative reaction becoming more and more pronounced.

[1] Basilesco, *La Reforme Agraire en Roumanie*, p. 167.

[2] *E. g.*, Mitrany, *op. cit.*, pp. 276–7.

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In 1870, Lascar Catargiu, the ultra-reactionary Conservative leader, formed a government which ruled with an iron hand for six years. Thus Cuza's agrarian reform act was effectively smothered under a decade of hostile administration. The communal pastures disappeared. The land reserve for young peasants also vanished. With the increase in population, more and more peasants had to sell their labor; and in a country practically without industries they were at the mercy of the better-organized rich. An agricultural conventions act of 1866 permitted the peasant to contract his labor to the proprietor for a period up to five years. Worse still, it gave the latter the right of *manu militari*—of employing the armed forces of the state to exact fulfilment of these contracts. A peasant could legally contract his labor for only four days of each week; he must reserve Fridays and Saturdays for himself. In practice, however, the *manu militari* clause often defeated this restriction, and the proprietor not only exacted labor on Fridays and Saturdays but also shut up the laborer over Sundays to prevent his escape. To understand the fluctuations in the attitude of the Rumanian government toward the peasants, it is necessary to bear in mind certain elementary facts of Rumanian party politics.

We must realize that the anomalous Turkish suzerainty, which held over in some form to the last quarter of the nineteenth century, accustomed the peasants to the conception of government for almost purely economic ends (in the worst sense of that term, of course), at a period when young Rumanians were studying economics in French and German universities. Given the actual situation in their own country, these hand-made occidentals could hardly do otherwise than champion the peasant cause. The peasants themselves had to work very hard, and on the whole found difficulty in procuring the quantity and variety of food necessary for health. They had no chance to dream of opulence and leisure from the sweat of other mens' brows. Their relations with the government were economic—it compelled fulfilment of their hard contracts with speculators who stood between them and absentee landlords. To them an ideal government, which they attempted to realize by occa-

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sional insurrections, was one which insured just instead of unjust economic relations—guaranteed the privilege of eating to those who worked, and even went so far, perhaps, as to impose some sort of effort upon those who ate.

Since the days when Tudor Vladimirescu led the revolution of 1821 against the nobles, there had been the tradition of a Liberal party made up of the peasants, and led by the schoolteachers, priests and those who had imbibed the spirit of democracy in western Europe. This group, led by John Heliade Radulescu, Jon C. Bratianu, C. A. Rosetti and others, shaped the revolution of 1848. It was represented in Prince Cuza's reign by Michel Kogalniceanu and finally took definite form as the National Liberal party, organized by such of these same men as were still living under the new constitution of 1866. This party, whatever its faults—and they have sometimes been egregious—has consistently supported the cause of the peasant. It has urged him to demand more and has often given him a much more radical program than he desired, trusting that he would be educated up to it before it could be repealed. The other important party, the Conservative, represented the large proprietors, stood for the old order and pursued a largely negative policy of opposition to change.

Bratianu formed a National Liberal government in 1876, with Kogalniceanu as his Minister of Foreign Affairs. The agreement with Russia and the war of independence against the Turks in 1877–8 was their work. An act passed in 1879 gave land to 48,000 peasants but left 79,000 entirely landless.[1] The Liberal party declined in influence and lost some adherents during the years when it was in power, 1876–1888. It had no consistent program. Its *raison d'être* lay in its emphasis on the economic condition of the peasants, which grew worse in spite of it. Bratianu, who was growing old and dictatorial, fell into the common habit of trying to achieve economic ends by purely political means. The results of this policy helped to convince other Liberals of its bankruptcy. The peasant revolt

[1] This estimate is given by Stradilescu, From Carpathian to Pindus, and is only approximate; there are no adequate statistics up to 1905.

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of 1888, fomented by Russian agents, brought about Bratianu's fall.[1] His successors, starting with a chastened skepticism and much uncertainty as to tactics, finally took their cue from events in the next decade, as we shall see. For the moment, the revolt was suppressed and a scheme introduced whereby the peasants might purchase land in small lots. There was, however, no machinery of credit for loaning money to the poorest borrowers at reasonable rates, upon such security as they could give. It was customary for a peasant in need of cash to sell in advance, at a ruinous discount, either his next year's labor or his next year's crop. In attempting to cure this disease of usury, the Liberals suddenly found themselves in possession of a weapon more potent than politics.

Growth of the Popular Banks

The large proprietors had their credit institutions, the Rural Credit Society, based on a special law of 1873 (modified in 1882 and again in 1903) and the Agricultural Bank, based on a law of 1894 (modified in 1895). The *Crédit Agricole* was founded in 1882 as a private institution, with the needs of somewhat smaller proprietors in view. It was taken over by the government in 1892, to aid in small land purchases under an act of 1889. While this institution loaned villagers on an average over 22 millions of francs per year up to the peasant revolt of 1907, it was too stiffly bound by the old banking laws and traditions to get at the real difficulty, which consisted mainly of lack of initiative and of the habit of cooperation and the confidence which is born of it. Obviously, where more thorough organization and greater confidence exist, they may replace some of the visible and material security for loans. The injustice and crudeness of the economic system was patent, but like other national economic systems it had become customary and worked by habit, tradition and inertia. Those who were supposed to direct it had little more idea of its actual workings and the reasons for them than its opponents had.

[1] Russian agents were very active in the Balkans at this period. Only two years before, they had forced Alexander of Battenburg from the Bulgarian throne.

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The popular banks made their first cautious beginnings in 1894–5. The peasants were aided by the village schoolmasters and priests, and the work of study, comparison and correlation of results was enthusiastically taken up by the group of intellectual liberals. This conscious cooperation has progressed so far within a quarter of a century that it has produced a new economic, political and social organism within the old and one so powerful and articulate that it threatens to cast off the old like a shell and "bear the palm alone."

In 1897, there were two of these banks; by 1900 there were eighty. At first, the development of the movement was slow, owing to lack of experience or special training on the part of the initiators and of any legal recognition by the state. They did not all function alike or equally well, but they all worked, without exception. In 1902 there were 256 of them, with 20,604 members and a capital of 2,346,046 francs; and in the following year the number reached 700, with 59,844 members and a capital of 4,250,600 francs. In that year a most important step was taken—the organization of a central office and clearing house (*Casa Centrala a Bancilor Populare si Cooperativelor Satesi*) in Bucarest. This functioned for the banks and especially for the peasant cooperatives proper, then two or three years old. Between this *Casa Centrala* and the local village banks were district or regional banks (*Fêderales*) which acted as clearing houses. The special law of 1905 interpreted and regulated the functions of the popular banks, rural cooperative societies, consumers' leagues, forest-exploitation societies, land-leasing cooperatives (*obstii*) *etc.*

This law enabled the popular banks to coordinate their activities and to introduce system and uniformity. To become a member, the peasant must subscribe not less than 20 or more than 5,000 francs to the capital stock. This maximum limit was fixed to render impossible any usurpation of control by the rich and powerful. There is no limit on interest-bearing deposits, but no member can acquire more than the maximum amount of stock. In form, the bank is a limited stock company. The members meet annually to elect a new administrative council of from five to nine members and receive the re-

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port of the council for the preceding year. The entire body also elects three censors or controllers with three substitutes to verify and control the work of the administrative council and to fill any vacancies which may occur in that council between the annual meetings of the stockholders. The council appoints the cashier and accountant. Its responsibility for any deficit caused by negligence or abuse of power is joint and unlimited.

The *Fêderales* or regional popular banks are organized in the same manner, except that the members are local banks instead of individuals. They arrange loans from one local bank to another or from one region to another and look after relations of local banks with the *Casa Centrala* at Bucarest.

This *Casa Centrala* is the central bureau and credit institution for the whole peasant cooperative system. Later we shall mention in detail its new functions during the war and under the land-expropriation act of 1918. Before the reorganization in December, 1918, it had a capital of 20,000,000 lei (normally equal to francs, now much depreciated), contributed by the state, and a credit at the National Bank under guarantee of the Ministry of Finance. Until the war interrupted communications and disorganized the Rumanian economic system in 1914, the relations of this *Casa Centrala* with the popular banks was nominal rather than intimate and organic, its chief object being to furnish a backbone of organization for the various other rural cooperative associations. It could loan the popular banks money only after the latter had fulfilled certain rather stringent requirements, individually and not as part of the system. It could also receive their deposits, either directly or through the regional banks. In 1913, for example, the *Casa Centrala* extended credits of over 10,000,000 francs to the popular banks, individually and through the agency of the regional banks. On the other hand, it held deposits of a little over 26,000,000 francs from them. This excess of deposits over credit extended indicates how completely the banks stood upon their own feet as community and regional organizations. Beginning in 1914, peasant cooperation in Rumania under the pressure of events entered an entirely new phase of development, which may be called "integration." This will be dealt with later.

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The present section may properly be concluded with a brief summary of the growth of the popular banks and a few remarks as to their peculiar character. In 1904 there were 1616 banks, with 121,786 members and a capital of 6,185,976.81 francs. By 1910 the number had reached 2664, with 454,187 members and a capital of 61,016,395.22 francs. In 1913, there were 2901, with 583,632 members and a capital of 107,142,203.10 francs. When they were transformed by the decree-law of 31 December, 1918, to meet the new requirements of the land-expropriation act, the number was 3170, with a membership of 645,000 and a capital, in round numbers, of 140,000,000 francs.

Of these 3170, 500 had a capital of 20,000 lei or less; 1500, from 20,000 to 50,000 lei; 870, from 50,000 to 100,000 lei, and 300, 100,000 or over.

The 645,000 stockholders were divided professionally as follows in round numbers: 600,000 peasants, 10,000 merchants, 5,000 school teachers and 4,000 priests. The overwhelming majority, more than 93 per cent., it will be noted, were peasants. Some stock was held by various other miscellaneous classes of people—proprietors, laborers, functionaries *etc.*

This network of banks now covers the entire country. The yearly turnover of money naturally varies with the local economic situation. For example, the "Gilortul" bank in Novaci, a small village in the Gorj district in Oltenia, was founded in 1901 with 70 members and a capital of 3,000 francs. By 1915 it had 4,000 members, a million francs' capital and did 20,000,000 francs' business annually.

The character of the institution is only suggested by the figures. The members invest part of their yearly savings from crop sales. Dividends average from six per cent. to ten per cent. Interest-bearing deposits pay five per cent. The bank is simply an orderly mechanism whereby the members of the community lend money to each other. Security for loans is required, including the personal pledge of one fellow-villager. It is evident, however, that security can often be accepted locally which, though perfectly good, would not be acceptable to an ordinary bank. The system represents community

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finance under rational control—comprehensive, articulate and substantially independent.

Evolution of Peasant Cooperatives

While the material benefits of the popular bank to the peasants were considerable, they were unimportant compared with the moral effect of the demonstration that communities could organize and protect themselves to some extent from exploitation. The bank ventures showed how simple and workable such organizations might be and furnished practical experience. The law of 1905, applying to all peasant cooperatives, including banks, was passed with the special idea of legalizing the peasant land-leasing or land-working societies (*obstii*).

A vicious "farmer" or speculator system had grown up and become general, whereby a shrewd middleman would lease an estate or several estates from the owners and either hire peasants to work them by the acre or re-lease them. The peasants were practically at the mercy of the speculator who had thus obtained a land monopoly in the neighborhood. They worked for him and he fixed the wage. Wage laws were very difficult to enforce. Even the attempt after the insurrection of 1907 to establish both minimum wage scales and maximum rents was not entirely successful. In practice, it was possible for the owner and the speculator to arrange between themselves whatever rent they saw fit. One of these "farmers" explained to the writer that up to 1919 he had rented a piece of ground on which the Department of Agriculture fixed a maximum yearly rent of 30 lei per hectare for twice that sum. He hired peasants who furnished their own teams and plows to plow and sow it (the two operations are performed at once) for 32 lei per hectare. The seed cost on an average about 30 lei per hectare, the labor of harvesting about 30 more. He sold grain to the value of 250 to 275 lei per hectare from this land each year. That is, he made about 100 per cent. on his investment.

It was hoped that the peasant cooperatives might supersede the speculators on a basis of economic competition, since other means of elimination had failed prior to 1905 and the situation

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was growing critical. As remarked above, the machinery of control was similar to that of the popular banks. The land-leasing associations showed an astonishing ability to compete with the speculators; but they were all too few, and popular patience was too nearly exhausted to give them time. In 1907 a peasant revolt broke out from one end of the country to the other. 150,000 troops were called out, but in spite of a butchery of the peasants the trouble spread. King Carol suddenly awoke to the fact that an agrarian question existed in his country. It was his personal promise to see justice done, proclaimed far and wide, which restored order.

A report had just been published showing that 1563 proprietors owned more than 3,000,000 hectares (nearly 7,000,000 acres) in holdings of 500 hectares or over, out of a total of about 8,000,000 hectares of arable land in the country.[1] Another three million were owned in very small lots of 10 hectares or less. Inheritance had divided the peasant holdings under the act of 1864 until the average small property was only 3.27 hectares, not enough with the extensive means of culture in vogue, to sustain a family except in fat years. The extent of the speculator-absentee-landlord evil was also disclosed. Practically half of the total arable surface of the country was owned in lots of over 100 hectares. A census of the revenue from these estates showed that only 35.58 per cent. of it was produced by lands exploited by the owners and 64.42 per cent. by those leased to speculators.

The state had already diminished its lands greatly by grants or sales to peasants. Only one radical method of reform remained, expropriation of the big estates, and this was not considered politically feasible. Relying on evolution by economic means, and dreading revolution, the Liberals passed a reform act known as the Agricultural Contracts Law.[2] This provided for: (1) purchase of communal pastures; (2) control by regions or district of rents of all kinds and wages.

[1] N. R. Capitaneanu, *Raport prezentat domnului Ministru de finante asupra recensamantului fiscal din anul 1905;* Bucarest, 1906.

[2] *Lege Pentru Invoeli Agricole*, Bucarest, Dec., 1907.

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Every hamlet containing as many as twenty-five families was to acquire a communal pasture, purchased by the local authority of the commune from the proprietor, institution or the state, as the case might be. The state guaranteed payment. In case the commune lacked the necessary funds, they were to be borrowed from the *Casa Rurala*, a new credit institution. One-third of this pasture land was to be left in pasture, the other two-thirds to produce different kinds of forage crops. Between 1908 and 1913, 1753 of these pastures were purchased, with a surface of 224,200 hectares and costing 151,000,000 francs.

To regulate the speculator evil, the Ministry of Agriculture set up a commission in each region, composed of the Agricultural Inspector, two peasant and two proprietor delegates. This commission classified all the land in the region and fixed maximum rents, using averages of the preceding five years. A new scale of rents was to be made out every five years. Minimum wage scales were established on a basis of the average for the preceding three years.

Finally, the *Casa Rurala*, mentioned above, was created to help communes in the purchases of pastures and more particularly to act as intermediary in assisting individual peasants in buying land of proprietors. It was also empowered to purchase estates and sell the land to peasants in small lots of five hectares, payments to extend over a period of fifty years. Between 1908 and 1915 this institution bought 109 estates, with a total surface of 127,292 hectares, of which 99,149 were cultivable. The price paid was 87,442,000 francs. Of this land, 20,000 hectares, valued at 16,000,000 francs, was resold to the peasants, and the rest of the cultivable land was rented to them. 13,000 hectares of pasture land were sold to communes, and further loans of 40,321,400 francs were made to them. 4,129,000 francs were loaned to peasants on lands bought for them.

From the standpoint of the peasants the law of 1907 was defective in that it left the proprietor free to sell his land or to keep it, as he pleased. In a period of mounting prices, he usually followed the latter course. After a brief period of Conservative rule, the Liberals were again asked to form a ministry, at the close of the Balkan War in 1913, pledged to a

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radical solution of the agrarian problem. Then came the war in 1914, cutting off Rumania from the outside world and creating wholly abnormal economic conditions.

The peasant land cooperatives (*obstii*) usually borrowed money from the popular banks for two or three years, until they were well established. They have successfully competed with private enterprise. The Perisoru land near Braila was formerly leased to a speculator for 80,000 francs per year. The A. I. Cuza cooperative took it over, paying the owner a little over twice as much, and prospered at that. The same speculator lost the Filiu land to the Tudor Vladimirescu cooperative, which paid one and a-half times as much. Cooperatives hire agricultural experts to settle technical questions such as the rotation of crops, choice of seed, purchase of community breeding-stock and the like. The Perisoru society had a reserve of 200,000 francs and subscribed half that sum to the national war loan. The average yield of the land for the best years has been nearly doubled since the peasants took it over.[1]

Producers' leagues have been obliged to struggle against great odds. The industrial enterprises with which they compete enjoy exemption from duty on raw materials, special rates on the government railways and all sorts of privileges which until recently were not accorded to the cooperatives. Consumers' leagues have been held within small compass by the simplicity of peasant life and the fact that the peasants produce nearly everything they use.

It is the gradual fusion of all the struggling forms of cooperation into solid community organizations with nation-wide liens, based on rational economics and conscious self-interest, which arrests our attention. When the war broke out there were already distinct signs of integration. Something resembling agricultural syndicates sprang up simultaneously in a great many localities, buying their implements and tools and selling their products in common. In 1916 the *Casa Centrala* or central bureau of rural cooperative activities sold for the peas-

[1] Lupu, Rumania and the War, states that the average increased from 24 to 40 hectoliters per hectare.

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ants over 240,000,000 kilograms of grain alone to foreign purchasers. This carries us into the war period, when the wall between the popular banks and other cooperative activities was broken down.

Evolution of Rural Cooperation during the War (1914–1918)

A certain stagnation in the producers' associations characterized the period of the war. This amounted to practical paralysis after Rumania entered the struggle in 1916 and placed her male population between 20 and 45 under arms. On the other hand, the provisioning of the villages and the sale of their products was turned over exclusively to cooperatives. The Rumanian government was obliged in those abnormal times to regulate exports and take charge of rationing. In the villages, only the cooperative associations were found capable of successfully performing this latter service. As the most uniform and best organized of such associations, the popular banks were given control of the work.

In 1915 and 1916 it was only through the aid of the popular banks that the villages were able to procure the essential household articles for their peasants, and in the mountain regions the banks had to assume responsibility for the food supply. Through the medium of this banking organization, the peasants sold over a hundred million francs' worth of their products during that two-year period. Wallachia was overrun by the armies of the Central Powers in the autumn and early winter of 1916, the enemy occupation lasting nearly two years. In Moldavia the popular banks functioned uninterruptedly, both in their normal capacity and as producers' and consumers' societies. Between October, 1916, and March, 1918, they furnished the peasants merchandise to a value of over fourteen and a half millions of francs, and through them the rural population sold over 7,000,000 francs' worth of produce.

War conditions stopped almost completely all capitalistic enterprise and speculative commerce in the villages. The advent of peace, therefore, opened entirely new perspectives for cooperative effort. Peasants have formed the habit of getting along without the middleman and the profit-taker. The void

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left in village life through the disappearance of these classes was rapidly filled by the dozens of community purchasing and marketing societies which appeared every week of the year following the armistice.

Of all the results of the demonstration furnished by the war of the practicability of peasant cooperation on a vast scale, the greatest is undoubtedly the moral effect of that success. The heaviest burdens of war in the army and in civil life fall upon the poor. But wide association in the army with different people and enforced observation of stratified society in its most arbitrary form change the temper of the common man. His experience in the cooperative societies had given the Rumanian peasant confidence to believe that he could exist very comfortably without the speculator and the aristocrat. He talked it over with his fellows in the army, and they made up their minds that it was time to reform the land system. Everybody understood that it was the obduracy of a small group of large proprietors who held title to about half the arable land in the country which had for more than half a century blocked every attempt at general social and economic justice. Men in the desperate situation of the Rumanian army in 1917 do not stick at legal formalities. The village school-teachers and priests agreed with the peasants. The Rumanian village priest, it may be remarked, is a practical creature, often grasping and not always personally popular. His religion is a mixture of superstition and ethical and economic common sense. There is little occasion for either sentimentality or mysticism on his part; he may marry and hold property like other men, and there are no warring sects to keep the air charged with theological controversy. He is a pastor, clinging to monkish dress and tradition, almost never the elegant apostle of things as they are.

Liberal elements in the government seized upon the opportunity to commit it to reforms which they had struggled for decades to achieve. King Ferdinand, in strong contrast with his predecessor, is a modest, affable man, not inclined to self-assertion, and deeply convinced that he is a constitutional monarch, not a dictator. The Constituent Assembly, elected in 1914, met in the early spring of 1917 and promised agrarian

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reform. Peasants shrugged their shoulders—this was not the first time that pledges had been given. To the consternation of the reactionaries, however, the King made the promise practically irrevocable by taking the Assembly at its word and stating publicly that he would be the first to comply with its pledge. In a widely published order of the day to the army, in March, 1917, he committed himself to expropriation of the crown lands. He said: "You have acquired . . . the right to possess in larger measure the land for which you have fought. Land you shall have! I, your King, will be the first to set the example. You shall also be given a larger participation in the affairs of the country."

To the Rumanian Liberals, national politics is a phase of economics. They have not had occasion to worship their constitutional document or to wreathe sentiments about it. The upper classes have not hesitated to interpret it in their own interest, and the common people and their leaders see no reason why they should not follow suit. This document can hardly be said to warrant such decree-laws as have given the people manhood suffrage and a larger share of the lands they till. Bratianu and his supporters have proceeded on the principle that a *fait accompli* which is so obviously just that no one would dare try to revoke it is of equal practical value whether it is hallowed by express constitutional sanction before or after. The reforms were given a semblance of constitutionality by virtue of the special war powers of the executive, exercised after cessation of hostilities but before demobilization. This effective method should not strike the citizens of other warring nations as startling.

A brief discussion of one fact in group psychology during the war, which deserved more attention than it received, may help us to see the Rumanian cooperative effort in its proper setting. Nearly a million Russians were on the Rumanian front and in Moldavia during 1917, while the Russian Revolution was in progress. They were in the midst of the Rumanian troops and civil population. Their propaganda practically destroyed the morale of the Austro-Hungarian army and seriously impaired that of the German, in spite of the difficulties of communicating

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with a formal enemy across no-man's land. Yet the Rumanian army never showed serious symptoms of collapse or disintegration.

Here is certainly a problem in morale which requires explanation. Only a fundamental difference in organization and point of view can account for the fact that where the Russian soviet propagandists worked under the most favorable conditions they made almost no headway. They went so far as to set up soup kitchens for the country population in some parts of Moldavia, advising the peasants to stop work, since they would be fed anyway. The peasants listened, admitted much that the Russians said about the central government, the profiteers and the idle aristocrats, but still refused to jump farther than they could see. They had formed the habit of community action and had built up a framework of community economic organization which belonged to them and in which they had confidence.

In spite of some points of astonishing similarity between the Russian soviets and the Rumanian cooperatives, the two were very—we might almost say fundamentally—different. The Russian soviet was the material expression by a group of radical economists of the wishes and theories of the town laborers. On the other hand, the Rumanian cooperative was the material expression (also assisted by a group of radical economists) of the wishes and ideas of the peasants, the tillers of the soil in village and hamlet. The soviet took form very rapidly, with perhaps overmuch theoretical assistance, and was born with an opinion as to what the central government should be like. Of minority origin, it began with a prejudice against the private ownership of land and later had to yield to the majority, the peasants, on that point. On the contrary, the Rumanian cooperative had evolved more slowly, around the private ownership of land by the tillers as a definite ideal, and was willing to postpone fixing the details as to what sort of central government should ideally unite the smaller groups until these reached a more advanced stage in their evolution. Both were hostile (though not to the same degree) to the old type of central government, which appeared to them to play into the hands of

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the astute and unscrupulous by *being* economic but refusing to acknowledge the fact. The friends of the soviet system claim that it has since accomodated itself to the overwhelmingly rural national economy, and it is possible that the differences under discussion have diminished since 1917.

The Hungarian soviet experiment of 1919, on another side of Rumania, was unable to solve the problem of meeting in the same government the requirements of both primitive agricultural and large, highly-developed industrial communities. The former place the emphasis on organization by localities, the latter on organization by occupations, since they are thus differentiated in fact. The Hungarian radicals modeled their government to suit the urban districts, and it was unable to command the support of the back country, where communistic spirit was strong (especially in Eastern Hungary, next to the Rumanian lands), but of quite a different type. The political schemes of the town laborers in both Hungary and Russia were violently opposed by the capitalists and all the conservative elements in the towns and cities of Rumania and seemed foreign and strange to even the most radical element among the peasants in the villages. Labor groups in a few manufacturing towns, like Galatz, approved the soviet system, but they found themselves in a helpless and insignificant minority. Community economic organizations in both Serbia and Bulgaria, west and south of Rumania, accompanied astonishing resistance during the war to political and social disintegration, but they also were wary of revolutionary tampering with the central government.

Russian radicals have been fully alive to the fact that if their form of central government is to stand, they must work out satisfactory interrelations between the city trade soviet and the typical rural community organization. Their Balkan neighbors have shown themselves suspicious of the soviet experiment, and their chief concern has been protection against this specific manifestation of it. In general, the Rumanian peasants cling to evolutionary methods and shrink from radical change in the form of the central government. This conservatism is practical rather than sentimental, however, and an extremely reactionary

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ministry or an intolerable general situation, like the continued paralysis of trade, might conceivably lead to a change. The immediate wish of the Liberals is to make the political machinery more responsive to the popular will by either eliminating or changing the archaic and unrepresentative nature of the senate and entirely reforming the unfair three-class system of voting, to the end of giving economic evolution fair play.

The Expropriation Law and other post-war Reforms

The German and Hungarian troops were driven from Rumania in the uprising which came to a head on November 9, 1918. After a brief temporary government, under General Coanda, the Liberals, under the leadership of Bratianu, returned to power and immediately inaugurated a series of sweeping reforms by decree-law, to be ratified later by a duly elected parliament or constituent assembly, in cases where the constitution explicitly demands it. Their evident purpose was to carry their program so far before an election could be held as to make refusal to ratify virtually impossible.

The decree-laws of December 14 and 15, 1918, expropriated all cultivable crown and institutional lands, those of all foundations, all lands of subjects who were foreign by birth, marriage or naturalization, and all rural lands belonging to absentees. In addition, 2,000,000 hectares (nearly 5,000,000 acres) were expropriated from private estates containing more than 100 hectares of cultivable land. These private lands were taken according to a graduated scale. For example, a 100-hectare property remained intact. One of 105 hectares retained 104.6; of 200, 165.7; of 300, 201.17; of 500, 241.2; of 1,000, 284.9. The possessor of 3,000 hectares could keep only 351.4, and of 10,000 or over, only 500.

The land to be taken was decided upon by local commissions composed of (1) the judge of the *arrondissement*, (2) the proprietor or his agent and (3) one peasant delegate. In general, the proprietor might keep any specified and reasonable part of his estate he chose, within the limit fixed by law. He could substitute other areas for petroleum-bearing land, except that only 12,000 hectares could remain in the hands of the proprie-

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tors in the entire kingdom. All maps, plans and other data as to the extent, character and value of estates must be turned over to the commission by the proprietor. Valuation was fixed from data respecting rents, sale price of lands in the vicinity, evaluation by credit institutions *etc.* In no case could it exceed twenty times the maximum annual rent, as fixed by the regional commissions under the law of 1907.

If the decision as to value was unanimous in the commission, the peasant land associations already mentioned took possession immediately; otherwise, fifteen days were allowed for appeal to the departmental commission. The *Casa Centrala* of cooperatives and popular banks, reorganized as explained below, together with the Agricultural Inspector of the Department, could create as many commissions as might be necessary to facilitate the work. Each of these departmental commissions must consist of two delegates from the proprietors, two from the peasants, one from the *Casa Centrala* and an *arrondissement* or other judge (acting as president), appointed by the President of the Tribunal in the Department.

The *Casa Centrala* was entirely reorganized by the decree-law of December 31, 1918, as a "Central Bureau of Cooperation and of the Sale of Expropriated Lands to Peasants," operating under the Ministry of Agriculture. For convenience it was divided into three substantially autonomous parts: (1) the central of popular banks; (2) that of producers' and consumers' cooperatives and (3) that of the land cooperatives (*obstii*), agricultural exploitations, and also two special services or directorates: (a) mortgage credits and similar land questions; (b) surveys.

Each of these bodies was made a separate entity or person before the law, but they were closely affiliated. The capital of the central of the popular banks consists of 12 millions of lei from the old *Casa Centrala* and 12 millions subscribed by the popular banks. The central of producers' and consumers' cooperatives was assigned the other 8 millions of the capital of the old *Casa Centrala* and 4 millions more by subscription. Since all financial operations were to be carried on by these two, the third central and the special bureaus did not require

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any capital stock. The composition of the Administrative Council for the bank central shows how thoroughly this machinery is under peasant control. Four of the eight members are elected directly by the general congress of popular banks and cooperatives, and the regional *Fêderales*. Of the remaining four, one each is appointed by the Ministries of Agriculture, Finance and Education and the fourth by the National Bank. The other centrals are similarly managed. They are united by the formation of a General Administrative Council, consisting of two members from each of the three and a Director General.

An expropriation such as has been outlined is in practice extremely complicated. Its faults are bound to be many, and there is small likelihood that its enemies will overlook or fail to exploit any of them. For example, much of the expropriated land was found to be mortgaged, some of it more than once. This was foreseen in the law, but yet it raised almost infinite complications. Some of the mortgages covered entire estates, others only part of the expropriated portion together with other specific areas, and so on. These mortgages might be held by one or more government credit institutions, by one or more private corporations or by a combination of both. Legal questions about wills arose, in cases where estates were unsettled. There were also questions of fact as to rents, sales *etc.* Land might be in any one of a number of different categories—forest, vineyard, cultivable in cereals, pasture, waste *etc.*, and many of the surveys were wholly out of date. If land was held jointly by a foreigner and a citizen, it came under two conflicting classifications. Some was seeded and some was not —whence the question of the amount of reimbursement due under the law. Where no land cooperatives existed, they were created. These latter lacked experience, and not all of the old ones were absolutely identical as to organization and function.

Proprietors were paid in land bonds, maturing in 50 years and bearing interest at five per cent. In the case of foundations and the like, the five per cent. is to be perpetual. Through this settlement, the state became the owner of the land and turned it over to the land cooperatives. These

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place it in the hands of individual peasants in lots of 5, 10, 15 and 20 hectares as rapidly as possible, looking after its exploitation in the meantime. The local cooperative is responsible to the central and the central to the state for payment. In parceling out the land, soldiers and their descendants have preference.

Expropriation proper was practically completed by the end of June, 1919. Many of its opponents had predicted disaster to the 1919 crop from the redistribution of land; but it has recently been estimated at 75 per cent. of the normal harvest, much larger than the 1918 harvest.

At first glance it seems absurd to try to apply a uniform law to sections which vary in climate, soil, marketing facilities or even average size of holdings where other things are equal. In Moldavia, the average size of estates was much larger than in Wallachia. In some districts there were almost no estates of more than 100 hectares—hence whole villages of peasants received scarcely any land at all. In others there were only properties of thousands of hectares each, nearly all of which were expropriated under the law. Complaints arose that peasants could not be found to take up the land, which would remain an intolerable burden on the hands of the cooperatives or lie idle. Eventually, the problem will solve itself. Past history in Rumania amply testifies to a sufficient land hunger on the part of the peasant to overcome any attachment to his native village if it offers him no land and land is obtainable elsewhere.

In the same series were decree-laws turning over in great part to cooperatives the exploitation of forests, accelerating the creation of community pastures and providing for technical and financial aid. A report published at the end of June, 1919, stated that within three months ten million francs' worth of ligneous raw material had been turned over for exploitation by village cooperatives.

Figures have already been given to illustrate the growth of the popular banks. Exact data on the growth of the cooperatives proper is available only to 1916, the year of Rumania's entry into the war. The table on page 25 shows in detail the growth of these societies from 1908 to 1916 and is arranged

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so as to show the increase in each kind of activity and to allow of comparison of the different kinds with each other. The figures in the last three sections of the table are given in francs. The Rumanian *leu* (pl. *lei*) is equal in value in normal times to the franc. This is substantially accurate for the entire period covered by the statistics, though the *leu* fell disastrously afterward.

The Outlook for the Future[1]

It remains to be seen whether the Liberal government, which went out of power in the autumn of 1918, accelerated the evolution of cooperation too much. Reconstruction will complicate the issues for a long time to come. Wallachia was stripped of practically everything during the war by the Germans, Hungarians and Bulgarians, and the Russians did a great deal of damage in Moldavia in 1917, the period of their greatest disorganization. Transportation within the country was almost paralyzed by the destruction of bridges and the removal of the bulk of the railway rolling-stock over the Hungarian frontier. Trade with central Europe was cut off after the armistice, and Rumania, like the rest of southeastern Europe, was thus deprived almost entirely of manufactured goods. Prices rose to fabulous levels, and speculation flourished. A spool of cotton thread at one time cost $3, a fairly good second-hand overcoat or a pair of boots $100. Sugar sold at $1.50 a pound and even more, and other imported goods in proportion. The government did not always act wisely, and it was blamed for much that was due to abnormal economic conditions for which it was not responsible.

At the time expropriation was carried out, the currency had fallen almost to a third of its normal value. The price paid for land was based largely on rents, sales and valuations which, in turn, were based on the equality of the *leu* and the franc, though the former was at the time worth only 34 centimes. Thus the purchasing power of the five per cent. interest paid

[1] Since this article was written an election has resulted in an overwhelming defeat for both the Liberal and Conservative parties. A peasant government is now in power, and sweeping constitutional changes are in progress.

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GROWTH OF RUMANIAN COOPERATIVES (1908–1916)

Comparative Table

(Figures furnished by Rumanian Minister of Agriculture)

Kind of Cooperatives.	No. of Cooperatives.			No. of Members.			Capital (fr.).			Reserve Funds (fr.).			Buildings, Installations (fr.).		
	1908	1912	1916	1908	1912	1916	1908	1912	1916	1908	1912	1916	1908	1912	1916
Consumers	207	294	340	7,580	13,105	16,000	898,423	1,590,416	2,200,000	42,814	227,390	300,000	27,126	123,124	200,000
Forest Exploitation	30	143	165	1,189	8,208	13,000	225,288	926,118	1,100,000	4,288	131,495	180,000	15,598	107,601	150,000
Bakeries	9	20	25	372	1,068	1,500	28,043	89,785	120,000	777	11,252	16,000	4,441	26,474	45,000
Dairies	5	7	10	164	360	600	3,897	8,928	30,000	257	1,082	1,800	6,882	13,228	40,000
Mills and Agricultural Machinery	7	42	60	217	1,947	3,000	24,587	195,037	250,000	1,716	60,605	75,000	67,080	652,422	850,000
Gardening	5	9	25	198	471	750	16,775	30,828	100,000	1,104	453	2,500	1,206	2,930	6,000
Vineyards and Apiaries.	2	5	8	91	188	350	1,727	36,908	60,000	10	3,110	5,600	1,452	14,031	30,000
Community Sales	2	5	150	135	312	15,000	14,690	84,562	100,000	373	2,919	8,000	. . .	14,462	18,000
Mines, Quarries and Mineral Waters		7	12	. . .	593	700	. . . . .	87,262	125,000	. . .	7,117	15,000	. . .	4,001	6,000
Cooper Shops, Wood-working, Tile Works.	2	9	13	72	364	550	7,224	96,963	130,000	185	4,804	8,000	. . .	7,094	10,000
Miscellaneous	4	5	8	130	270	400	5,181	19,673	35,000	288	1,070	5,000	3,187	46,150	60,000
Totals	273	546	810	10,142	26,886	51,850	1,225,840	3,166,483	4,250,000	51,814	451,304	616,900	126,975	1,011,340	1,415,000

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was and is very small. The land bonds are negotiable, but there are so many of them that any general attempt to realize upon them must disastrously affect their price. Thus any enterprising landlord who wishes to convert his bonds into money to undertake manufacture or commerce must do so at a very great sacrifice. Ex-proprietors will be in a difficult situation until Rumanian money again reaches something like normal exchange value. When this will happen depends largely upon indemnities from countries themselves practically bankrupt and upon the unknown fate of the treasure sent to Moscow for safekeeping just before the fall of Kerensky. Rumanian agriculture is badly crippled now for want of tools and either draft animals or tractors.

It is impossible to say to what extent the solidarity of the peasants and the considerable uniformity of their economic views have arisen from the common hardships and exploitation they have suffered in the past. The advent of an era of great prosperity for them might conceivably weaken their community spirit and awaken ambitions in many to achieve ease and luxury by exploiting the less astute. Just now, they are convinced of the danger of allowing the economic life of the nation to be organized in such large and centralized units that the average man can exercise no effective control over them—can have no accurate knowledge even of how they work. The communes are not vitally interested in national "zones of influence", foreign trade concessions or conquest. The peasants want peace and disapprove of expensive military establishments. In their simplicity, they do not see why a war (or trade entanglements capable of producing one) wanted by none of the communities in the nation, need be forced upon all of them by a group which misrepresents them at Bucarest. This is being spoken, even among the men at present mobilized.

Those who have fostered the growth of the Rumanian cooperatives emphatically do not believe that the nation will suffer from a greater articulateness and a higher local organization. A letter from one of the leaders closes with this statement: "We believe that before long the entire production of the villages will flow through the cooperatives. . . . Along with their

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economic activities these cultivate with equal zeal the sentiment of national solidarity and aid in the intellectual uplift of the communities, thus consolidating the true bases of a sound organism of the State."

What effect will this movement have on the larger industries of the cities? So far, nothing more is visible in the way of a policy than a general hostility to tremendous aggregations of private capital, especially foreign capital. The exploitation by great foreign corporations of mining, oil, forest and other natural resources along the lines pursued in the past is regarded with distinct disfavor. It takes millions out of the country every year without visibly benefiting the bulk of the population. The peasant pays twice as much for his kerosene as he did before the development of the oil industry in Rumania.

Just where community production will leave off and strictly private enterprise begin cannot be predicted. Already the two are in conflict. Cooperatives have had to employ men who failed in their own ventures, because the first-rate men found it more profitable to work for themselves. Some think the development of cooperative effort will eliminate private capitalistic enterprise by open competition—if any meaning can be attached to the term "open competition". Others predict that when Rumania reaches the stage of development attained by western Europe, she will adopt western European institutions.

But a very great fallacy lurks in loose assumptions about "stages of development". An obvious and intimate economic relationship exists between the "backwardness" of localities like the Balkans and the "advancement" of the western nations —the latter depending largely upon the former. We were never in their present condition, because we had no highly developed industrial nations like those of today to reduce us to economic dependency. It would be foolish on their part to try to become like us, first because we have a tremendous start in the economic exploitation of backward regions, and secondly because conditions are not likely to remain as favorable for exploitation as they are now. These Balkan economic schemes should be of special interest to us because their leading supporters see both points of view—that of the West where most

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of them were educated and that of the Near East where they live. They see that their *politique-économique* must evolve into something radically different as they become industrially and financially independent. They see also what most of us seem to overlook—that ours is no more stable and permanent. A certain familiarity with these types of organization, therefore, not only has a practical value in guiding our present relations but possesses also some theoretical interest with reference to the unsolved problems of economics and government.

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This study is based largely upon personal investigation by the writer on the ground. As to documentary sources, use has been made in the sections on the war and post-war periods of material in the Rumanian Ministry of Agriculture and Domains, which is not available in the Occident and some of which is not to be had in printed form anywhere, and on interviews with and letters from Rumanian officials. Invaluable help has been received from M. I. G. Duca, Minister of Agriculture, from Dr. D. Busuiocescu, Director General of the *Casa Centrala* of Cooperation and Land Distribution under the Expropriation Act, and from M. Vintili Bratianu, President of the Rumanian Bank. Their anxiety to assist and their unfailing courtesy are gratefully acknowledged.

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THE BASIS OF RAILROAD CAPITALIZATION

THE many proposals for railroad legislation that have recently been brought to public attention disagree on almost every important point. All the more striking, therefore, is their unanimity on one measure hitherto subject to much dispute. Railway financiers, it is now agreed, should no longer have a free hand to issue securities in whatever amounts promise them the largest profits. Capitalization is henceforth to be subject to strict supervision by federal authority.

Assuming, then, that the railroads are to remain under private ownership, one of the most perplexing tasks which the government must face will be to determine what amounts of securities may properly be issued against present and future property. The determination of a basis of capitalization is a problem fully as difficult and subject to as many differences of opinion as is the kindred problem of securing a basis of valuation for rate making. In seeking a solution the Federal Government will doubtless heed the precedents set by those twenty-odd states that have already attempted some form of security regulation. The present article undertakes to review some of these precedents.

But before doing so it is important to take note of a wide difference of judgment as to the proper solution of the capitalization problem. The prevailing view, which until recently has scarcely been questioned, is that the chief object of security regulation is to bring about an equality between the face value of outstanding stocks and bonds and the cost or value of the property. Securities, according to this view, should represent the actual assets, dollar for dollar. Within recent years, however, a new proposal has been made, which is opposed to the orthodox principle of equality between capitalization and assets. Recognizing the difficulties of making par values correspond to actual values, the new plan would abolish

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par values altogether and thus do away with the possibility of deception which is the chief evil of stock watering. Already the use of stock without par value has been made legal by amendments to the corporation laws of several states and has come into high fashion among industrial corporations. Its possible extension to the interstate railways is certainly worth serious consideration and deserves more attention than it has yet received.

In a later article the author hopes to discuss the merits of this plan as applied to the railways. The present study, however, will not take it into consideration. Here it is assumed that the old principle of equality between capitalization and assets is to be retained—a principle which underlies all the decisions of public service commissions to date. The problem, then, is simply this: on what basis shall the corporate assets be valued for the purpose of determining the proper amount of security issues?

At the outset of this inquiry it is highly important to bear in mind that the problem of a proper basis of capitalization is by no means identical with the more familiar problem of a proper basis of valuation for rate making. To be sure, there is much to be said for the use of the same standard with reference to securities and to rates. But there is also much to be said for different standards. To choose but one example of a possible difference: market value cannot logically be used as a test of the "fair value" of public service property for rate-making purposes, since the market value itself depends on the rates that may be charged. On the other hand, it can be used with logical consistency as a basis of security issues, since the circular reasoning no longer applies to the case. Of course, the determination of a basis of capitalization may depend very largely on the determination of a standard of value for rate making. But in a discussion of the former topic, the latter problem should be assumed to be settled instead of being discussed. Emphasis is here laid on the necessity of keeping these two problems distinct, since failure to observe this distinction has led to much confusion in recent discussions of the subject of capitalization.

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Most writers on corporation finance have mentioned three possible bases of capitalization: original cost, reproduction cost and earning capacity. In an elementary study this threefold classification may be acceptable; but for a more thoroughgoing analysis it is quite inadequate. Revision as well as enlargement is necessary. The list that follows is by no means theoretically complete, but it includes at least the more significant standards that have been considered by public service commissions: (1) *rate-making value;* (2) *original investment;* (3) *actual cost (including surplus from reinvested earnings);* (4) *market value;* (5) *earning capacity.*

The reader will note the omission of *reproduction cost* and the substitution for it of *rate-making value.* The purpose of this change is to indicate that no one would propose to base capitalization on the cost of reproduction unless that cost were also to be used in fixing the value for rate making. In the latter event one might apply the same standard to security issues, not on its own merits, but simply because it corresponds to the rate-making value. Is it not better, therefore, to drop *reproduction cost* from the list of possible bases and to insert in its place *rate-making value?* We may then consider under this heading the advantages and disadvantages of keeping the basis of capitalization identical with the basis of valuation for rate making, however the latter may be determined; while under the other headings we may discuss the reasons for some independent test of capitalization.

Let us now consider in turn the five possible bases mentioned above, first noting the opinions of various public service commissions and then summarizing the arguments for and against each basis.

Rate-making Value

At first glance, it would seem fairly obvious that the par value of outstanding securities should correspond to the value of the property for rate-making purposes. Such a conformity would serve to inform investors as to the return which they might be permitted to earn. Yet nearly all public service commissions have seen fit to make a distinction between a fair value for rates and a standard for security issues.

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To this general statement, however, some exceptions must be noted. The example of Maryland is a case in point. Several years ago, the Public Service Commission of that state made a report to the legislature, in which it complained that it was not permitted, under the law as it then stood, to authorize the issuance of stock dividends. To this restriction the commission objected on the ground that stock dividends are a necessary means of adjusting capitalization to value for rate making. The report said:

> But in a case where the books have been accurately kept, no disadvantage could accrue to the public by permitting the capitalization of earnings expended in plant extensions for a period of, say, five years before the application. So far as rate making is concerned, it is based, under the rulings of the courts, upon the value of the property, and the more nearly the value of the property and the par value of the outstanding securities agree, the less likelihood there is of misunderstanding upon the part of the public, and the less difficulty the commission will have in administering the law justly and to the best advantage of all concerned.[1]

Apparently this report of the commission was heeded by the legislature, for in 1918 the public-service law was amended so as to permit corporations under its jurisdiction to issue securities

> when necessary or desirable, in the discretion of the commission, to cause the aggregate capitalization to conform to the fair value of the property of such corporations as established by the commission pursuant to the provision of section 30 of this Act.[2]

"Fair value" in the above statute means value for rate-making purposes. The law does not state how it is to be measured, but the commission has used a composite of factors without accepting any one basis as alone controlling.[3]

[1] IV Ann. Rep. Md. P. S. C. 21 (1913), P. U. R. 1917 D 857.

[2] L. 1918, ch. 408, sec. 27.

[3] See, for example, the rate case, *Re* Chesapeake & Potomac Telephone Co., P. U. R. 1916 C 925. In at least one case the commission has already authorized a security issue under the provision of the amendment of 1918 (*Re* Chesapeake & Potomac Telephone Co., IX Ann. Rep. Md. P. S. C. 286 (1918), abstracted in P. U. R. 1919 A 1026).

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The New York Public Service Commission for the First District, while not accepting consistently any one basis of capitalization, has several times indicated that the same standard should be used for securities as for rate-making value. In the decision on the Second Reorganization Plan of the Third Avenue Railway Company, rejecting the plea that securities should be approved to an amount equal to the original investment, Commissioner Maltbie delivered the following opinion:

> The mere fact of investment does not establish a perpetual value not only because a mistake in judgment may be made, but also because property may be allowed to deteriorate, because progress in the arts may make it obsolete, and because a change in economic conditions may decrease the use made of it by the public. . . . The commission believes the proposition to be sound that capitalization should have a direct relation to value.[1]

By "value" the commissioner appears here to mean replacement cost depreciated. It is clear that the decision is applying to capitalization the same tests that would be applied in finding the "fair value" in a rate case. To be sure, the commission has more recently expressed a preference for actual cost rather than replacement cost as a basis for security issues, whenever that cost can be ascertained.[2] But this preference does not indicate a distinction between the basis of capitalization and that of rate-making value, since the commission, in its more recent decisions, has been inclined to accept actual cost for the latter purpose as well as for the former.[3]

The California Railroad Commission has on at least one occasion accepted by implication the view that rate-making value, based on replacement cost depreciated, should also be the standard of capitalization. In an application of the Pacific

[1] II P. S. C. R. (1st Dist. N. Y.) 390 (1910).

[2] *Re* Bronx Gas & Elec. Co., VI P. S. C. R. (1st Dist. N. Y.) 243 (1915). In approving the issuance of securities to purchase new property the commission has always used actual cost as the test; see the list of precedents cited in Manhattan & Queens Traction Corporation, V. P. S. C. R. (1st Dist. N. Y.) 71 (1914).

[3] See, for example, *Re* N. Y. & North Shore Traction Co., P. U. R. 1918 A 893; also, Maires *v.* Flatbush Gas Co., *N. Y. State Dept. Repts.*, vol. xv (1918), p. 171.

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Gas and Electric Company for permission to issue a stock dividend, the commission denied the petition on the ground that the dividend would result in a disparity between the total amount of securities outstanding and the replacement cost depreciated.[1]

But the opinions cited above are exceptional. The more general practice is to use different tests for security issues and for rate-making value. The prevailing tendency is to authorize security issues on the basis of original investment or actual cost, while using cost of reproduction at least as one of the important factors in fixing the "fair value" on which to base rates. In the following section we shall discuss the reasons for this policy.

Other distinctions have also been made. In a recent reorganization case, the Missouri Public Service Commission gave two possible reasons for differentiation. The opinion reads as follows:

> The determination of fair value for the purpose of limiting the securities to be issued on reorganization of a railroad company is a different question from determining present value in a rate case, in at least one respect, that the "earning power at reasonable rates" is to be taken into consideration in the former. There may also be property not used and useful for railroad purposes which might properly be included in determination of value of property in a reorganization, and excluded in a valuation for rate making.[2]

The first distinction in the above-quoted opinion, by which earning power is considered in capitalization cases though not in rate cases, has also been maintained by the New York Commission for the Second District and by other rate-making bodies; to these cases reference will be made in the section on the market-value basis.

The second distinction, according to which certain property may be included in the value for capitalization but not in the value for rates, is due to the fact that railroads engage to a

[1] P. U. R. 1916 D 276.

[2] *Re* St. L. & S. F. R. R. Co., III Mo. P. S. C. 664, 689, P. U. R. 1916 F 77. See also *Re* Dunham, P. U. R. 1916 E 544.

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greater or less extent in outside business. Of course, the non-railroad property should not be included in valuation for rate making, but if it is recognized as a legitimate undertaking for a railroad, it may be considered in the capitalization allowance.[1]

Still another divergence between rate value and capitalization value was indicated by the New York Court of Appeals, in a review of a rate decision by the Public Service Commission for the First District.[2] The case involved the treatment of "going-value" in the Wisconsin sense of the accrued deficit from early operation. The commission had urged against the allowance of this item in rate-value that such deficits are not properly subjects of capitalization. To this contention the court replied as follows:

> It may be, as is urged, that a well-conducted enterprise will charge the cost of developing the business to operating expenses and that it would open the door to an overissue of securities to permit the capitalization of early losses. In answer, it is sufficient to say that we are dealing, not with proper methods of bookkeeping, not with the proper capitalization upon which to issue securities, but solely with the fair return which the company is entitled to receive from the public. Treating a reasonably necessary and proper outlay in building up a business as an investment for the purpose of determining the fair rate of return to be charged is far from holding that it should be treated as capital against which securities might be issued.[3]

Accrued deficits, according to this decision, may properly be added to rate value, but perhaps not properly added to capitalization. The court did not state the grounds on which it made this distinction, but one may surmise that it had in mind the prudence of valuing and capitalizing corporate assets at a minimum.

Summing up these various opinions of courts and commissions, one finds sanction for each of the following distinctions between the basis of capitalization and the basis of rate-making

[1] On this point see D. & H. Co., I. P. S. C. R. (2nd Dist. N. Y.) 392 (1908), decision reversed in People *ex rel.*, the D. & H. Co. *v.* Stevens, 197 N. Y. 1.

[2] Kings County Lighting Co. *v.* Willcox, 210 N. Y. 479 (1914).

[3] *Ibid.*, pp. 488–9.

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value: (1) the use of original investment or actual cost in the former case and replacement cost in the latter; (2) the acceptance of earning capacity as a factor in the one case but not in the other; (3) the addition of the value of non-public-service property for securities but not for rates; (4) the allowance of accrued deficits from early operation as an item in rate-making value but the rejection of this item in fixing the proper capitalization. Doubtless other distinctions have been made which have not come to the writer's attention.[1]

What, now, is to be said for the use of the same standard of value in security cases as in rate cases, and why have commissions so generally adopted different bases? The chief reason for accepting the same basis has already been suggested: it is that the par values of securities are accepted by the unwary as an indication of the actual value, and therefore that any excess of capitalization over value for rate making might deceive investors as to the return that they would be permitted to earn. Of course, such a danger would not be present if the amount of securities were less than the valuation for rate making; and precisely that situation might be expected in most cases at the present time, where securities are based on original cost, while rates are based on cost of replacement. But original cost is not in all cases less than replacement cost; and in the future, under a period of falling prices, the tendency may be quite the reverse.

In spite of this cogent reason in favor of the same standard for securities as for rates, the argument against it is even stronger, so long as rates are to be based on cost of replacement. One objection alone would be conclusive against basing

[1] The tendency of nearly all commissions is to be much more liberal in fixing the limit for security issues than in setting a value for rate making. For example, most commissions have on occasion permitted the capitalization of replacements, and some of them have authorized the issuance of securities below par. But action of this sort has been a concession to the necessities of the case, taken by commissions with the full recognition of the fact that it violates the accepted principles of sound capitalization. For an analysis of the decisions of public service commissions on these and similar points see the various recent articles by Ralph E. Heilman, especially "Principles of Public Utility Capitalization", *Journal of Political Economy*, vol. xxiii (1915), pp. 888–909.

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securities on the latter standard; namely, the practical difficulty of reducing outstanding capitalization in order to make it correspond to a fall in the value of the property. Once the securities are issued, they cannot be recalled except at great inconvenience to the holders. Moreover, legal difficulties might prevent a scaling-down. On that account, it is essential that the basis for security issues be stable, not subject to fluctuations up and down with changing physical valuations of the property.

But even if the practical objections to the use of replacement cost could be overcome, the wisdom of applying that standard to security issues would be very doubtful. On many accounts it is important that the par value of the securities should represent the actual investment, even though some other test of "fair value" for rate making be accepted. This point is discussed in the following section.

Original Investment

According to this basis every dollar in par value of stocks and bonds must represent a dollar contributed to the enterprise by the investors. No securities may be issued to cover unearned increment, and none may be issued against surplus from reinvested earnings.

On the whole, one may say that those commissions which do not permit the use of stock dividends accept original investment as the proper basis of capitalization; for obviously, if some other standard, such as replacement cost or market value, were adopted, it would be necessary to authorize stock dividends whenever the valuation should exceed the amount of outstanding securities.[1] In Massachusetts, New Hampshire, South Carolina and the District of Columbia, stock dividends

[1] This statement is subject to qualification. For instance, in reorganization cases and in consolidation cases the new capitalization may be made to correspond to replacement cost or to any other basis without resort to the use of a stock dividend in the technical sense of the term. The practice of commissions in reorganization cases is noted below.

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are illegal,[1] while in other states their use is much restricted by commission rulings.

For many years the policy of Massachusetts has been to limit stock and bond issues of public utilities to the original investment.[2] Every application by companies for permission to capitalize their surplus has been denied by the regulating commissions. This drastic restriction of security issues is in large measure the outcome of principles of rate regulation that have been accepted in Massachusetts—at least in the case of gas and electric companies. The Board of Gas and Electric Light Commissioners of that state has always denied the right of utilities to earn on their surplus such high rates of profit as are allowed on the capital contributed by the investors. Quite naturally, therefore, it has refused to permit the issuance of securities against surplus; for such permission would appear to concede the right of stockholders to earn the normal rate of return on the entire property.[3]

In the matter of security issues New Hampshire has followed the Massachusetts precedent by forbidding stock dividends.[4]

[1] Mary L. Barron, "State Regulation of the Securities of Railroads and Public Service Companies", *Annals of the American Academy of Political and Social Science*, vol. lxxvi (1918), p. 181.

[2] This policy, however, is not in every respect consistently followed; exceptions are noted at a later point in this article.

[3] Cases illustrating the position of the Massachusetts Board of Gas and Electric Light Commissioners in the matter of surplus are:

(a) With respect to rate making, Springfield Gas Co., IX Ann. Rep. 6 (1893); East Boston Gas Co., *ibid.*, p. 9; Worcester Gas Lt. Co., X Ann. Rep. 31 (1894); Haverhill Gas Co., XVI Ann. Rep. 9 (1900); Haverhill Gas Co., XXVIII Ann. Rep. 41 (1912). *Cf.* also an article by Morris Schaff, Chairman of the Mass. Board of Gas and Electric Light Commissioners, on "Capitalization of Earnings of Public Service Companies", *Annals Amer. Acad. Pol. & Soc. Science*, vol. liii (May, 1914), pp. 178–181.

(b) With respect to security issues, Edison Elec. Illum. Co. of Fall River, XI Ann. Rep. 20 (1895); Malden & Melrose Gas Lt. Co., *ibid.*, p. 29; Haverhill Gas Securities Co., XV Ann. Rep. 6 (1899) and XVI Ann. Rep. 11 (1900); Haverhill Gas Co., XXVII Ann. Rep. 79 (1911); Fall River Gas Works Co., XXVIII Ann. Rep. 98, reversed by court in 214 Mass. 529.

[4] See, for example, Grafton County Elec. Lt. & P. Co., V N. H. P. S. C. R. 160. In this case, the commission went so far as to refuse to permit a merger on the ground that it would result in an increase of capitalization and would therefore violate the

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But unlike Massachusetts, the New Hampshire Public Service Commission has not accepted original investment as the controlling basis in a rate case.[1] Here, then, is an illustration of the tendency of commissions to distinguish between the "fair value" for rate making and the basis of capitalization.

Let us now consider the merits of original investment as the standard in security cases. Of course, its advantages would be clear enough if rate-making value were to be determined by the same method. But, with the important exception of Massachusetts, public service commissions have followed the rulings of courts in refusing to accept that basis in rate cases. On what grounds, then, may it be used as the basis of capitalization?

To this question the answer is two-fold. In the first place, the original investment basis has the practical merit of being stable, whereas most other bases are fluctuating. We have already noted this point as a fatal objection to the use of replacement cost. In the second place, there is a decided advantage in making the par value of the securities stand as a public record of the actual contribution of investors. Even though this contribution may not be used at the present time as the criterion of "fair value" in rate regulation, it should nevertheless be given all possible publicity. Finality in the principles of valuation has been by no means attained; and it is quite possible that publicity of the actual investment, if it should reveal excessive rates of profit, might lead to a radical revision of the present methods of valuation. But even assuming reproduction cost to be the permanent method of valuation in rate cases, it is highly important that investors should know the actual rates of profit on the original investment. Those who support the use of replacement cost as the basis of valuation say that the possibility of gain through unearned increment in the values of land and other fixed capital will serve as

spirit of the law forbidding stock dividends. This decision, however, was overruled by the court (Grafton County Elec. Lt. & P. Co. *v.* State, 94 Atl. 193, P. U. R. 1915 C 1064).

[1] In rate cases this commission has refused to accept exclusively any one basis of valuation, but has assumed to consider all relevant factors. See the Index-Digests in vols. iv and vi of the *Reports*.

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an inducement to investors in lieu of a higher rate of return on the original contribution. But this view presupposes not merely the possibility of unearned increment but also the recognition of that possibility by investors. The best way to advertise the opportunity for future profits is to make known the actual gains in the past; and for that purpose a capitalization restricted to the original investment would be most effective.

Actual Cost

This standard resembles the previous one in using original rather than present cost but differs from it in taking the cost of the *entire property*—not merely that part of the cost that was defrayed from the proceeds of security issues. In a word, the difference is this: that actual cost equals original investment plus surplus from reinvested earnings.

Of the many disputable points of rate regulation few have given the courts and commissions more concern than the treatment of corporate surplus in fixing a "fair value". Is a public service company entitled to a return on the earnings that have been reinvested in the property, or should it be restricted to a fair return on the original contribution only? To this question commissions have given different answers, although courts have almost invariably held that a return may be earned on surplus. We are not here concerned, however, with the merits of this controversy. That is a problem in rate making and not a question of capitalization. For us the problem is simply this: assuming that a company is entitled to a return on surplus from reinvested earnings, should it also be permitted to capitalize that surplus by issuing certificates against it?

As we have already noted, public service commissions have to face this problem in connection with applications for permission to issue stock dividends. Such issues are justified by applicants on the ground that they represent actual capital secured by the reinvestment of earnings which might have been distributed among stockholders in the form of a cash dividend. On this point the laws and practices of the different states vary. We have already observed that Massachusetts and New Hamp-

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shire strictly forbid stock dividends. On the other hand, the commissions of New Jersey,[1] Vermont,[2] Michigan,[2] Ohio,[2] Illinois,[3] Indiana[4] and California[5] have authorized companies to issue stock dividends in order to capitalize a bona fide surplus from reinvested earnings. Where this practice has been permitted, the actual cost basis of capitalization is generally the accepted principle.[6]

Even some commissions that do not directly permit the use of stock dividends have allowed the same end to be attained by indirect means. In this matter the precedent has been set by New York. Up to 1910 the law of that state provided that a public service corporation might issue securities only for one of the following purposes: (1) the acquisition of property; (2) the construction, completion, extension or improvement of its facilities; (3) the improvement or maintenance of its service; and (4) the discharge or lawful refunding of its obligations.[7] These four conditions, which were copied almost verbatim by other states,[8] did not seem to authorize security issues for the purpose of capitalizing reinvested earnings—at least, so it was held by the New York Commission for the Second Dis-

[1] P. U. R. 1917 E 720, 1918 B 240 and 1046. See also a statement by the New Jersey commission of general principles governing its action in security cases, III Ann. Rep. N. J. P. U. C. 161 (1912).

[2] P. U. R. 1916 C 606, 607.

[3] P. U. R. 1915 A 205.

[4] P. U. R. 1915 A 540.

[5] P. U. R. 1915 C 324, 1916 D 276.

[6] It would not be correct, however, to say that *all* commissions which permit stock dividends accept actual cost basis of capitalization. For example, the Maryland Public Service Commission is authorized by law to permit stock dividends when necessary to make the total capitalization equal "fair value", *i. e.*, rate-making value. The California commission on one occasion refused to permit the issuance of a stock dividend on the ground that capitalization would thereby be raised above the rate-making value. Both of these cases have been noted above, under the heading, *Rate-making Value*. But these are exceptional cases.

[7] L. 1907, ch. 429, secs. 55 and 69.

[8] Several states still retain these four conditions without the amendment presently to be noted. According to my latest information, these states are Georgia, Kansas, Massachusetts, Michigan, Nebraska and New Hampshire.

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trict.[1] But in 1910 the law was amended and a fifth clause added, which provides that securities may be issued "for the reimbursement of moneys actually expended from income or from any other moneys in the treasury of the corporation . . . within five years next prior to the filing of an application with the proper commission".[2] This new clause, which was soon copied by other states,[3] entitles a company that has reinvested earnings in its property to capitalize the resulting surplus by issuing new securities. Whether or not the amendment directly permits stock dividends is a point on which commissions have differed. The California Railroad Commission seems to have answered in the affirmative.[4] On the other hand, the New York Public Service Commission for the Second District does not interpret the amendment of 1910 as sanctioning stock dividends. It holds that, under the fifth clause, securities may be issued only for cash, and that this cash must be used to "reimburse the treasury" for funds that it has already paid out on capital account.[5] But whichever way the law is interpreted, the practical result is the same. For a company, under the New York ruling, may simply issue stock for cash, and may immediately afterwards pay out that cash in dividends. As the New York commission frankly recognized, the outcome in this case would be precisely the same as if the company had issued a stock dividend.[6]

[1] *Re* Erie R. R. Co., I. P. S. C. R. (N. Y. 2nd Dist.) 115 (1908); *Re* Babylon Elec. Lt. Co., *ibid.*, p. 132. On the other hand, the Georgia Railroad Commission, acting on the advice of counsel, held that it was empowered to permit stock dividends under a law similar to that of New York, XXXVIII Ann. Rep. Ga. R. R. C. 31, 93 (1910). Perhaps, however, the Georgia commission may have based its decision on a clause in the statute, not present in the New York law, stating as a fifth condition that securities may be issued "for lawful corporate purposes falling within the spirit of this provision."

[2] L. 1910, ch. 480, secs. 55 and 69.

[3] Arizona, California, Illinois, Indiana, Maine, Missouri, Ohio, Wisconsin (Barron, *op. cit.*, p. 179).

[4] P. U. R. 1915 C 324, 1916 D 276.

[5] *Re* Central Hudson Gas & Elec. Co., III P. S. C. R. (2nd Dist. N. Y.) 386 (1912).

[6] *Ibid.*

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At the present time actual cost is by far the most widely accepted basis of capitalization among state commissions. What accounts for its general acceptance? Compared to rate-making value—as that value is usually determined—it has the marked advantage of being stable. But, as we have already observed, this merit is also possessed by the original investment basis. Why, then, should actual cost be preferred to the latter standard? In other words, why should surplus be capitalized?

To this question an obvious reply would be that, since surplus, under the rulings of the courts, must be counted as part of the property on which investors may claim a return, there is no need to distinguish it from any other part of the investment by leaving it uncapitalized. But that statement may be seriously questioned. At least two reasons may be given for making the distinction between surplus and original capital. In the first place, it is sound financial policy to maintain a surplus as a reserve to equalize dividends over good and bad years and to meet emergency demands.[1] In the second place, it is important to keep a record of the amount of capital contributed by investors as distinct from the amount contributed in earnings by the rate-paying public. What the public wants to know and what the investors need to know is the exact relation between the net earnings of a public utility and the contribution of the security holders. This relation can be most clearly seen if the outstanding securities represent, dollar for dollar, the original investment. We have already discussed this point in the previous section.

In view of these serious objections to the capitalization of surplus, why do most states permit the practice? Probably this liberality is due not so much to theoretical principles as to practical considerations of finance. Many public utilities would

[1] However, it would not always be necessary to devote the entire surplus to that purpose; a sufficient part might be set aside as a reserve, and the remainder capitalized. Indeed, this compromise measure has been approved by the New Jersey Board of Public Utility Commissioners in a recent security case, in which it allowed a company to issue stock dividends, but required it to leave uncapitalized fifteen per cent. of the cost of the property (Toms River Elec. Co., V Ann. Rep. N. J. P. U. C. 682 [1918]).

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be unwilling to reinvest earnings in improvements if they were not given the opportunity to capitalize that reinvestment by issuing stock dividends. Therefore, in order to induce companies to make improvements out of earnings, commissions have adopted the liberal policy with respect to securities. Whether or not the advantages to be secured by this concession outweigh the disadvantages of concealing the original investment—and hence, the actual rate of profits—is a question which the writer does not attempt to answer. But he would call attention to the fact that the Railroad Securities Commission, in its now famous report to the President, expressed the view that all stock and scrip dividends should be prohibited. "It is far better", said the report, "to let the increased value be shown by a higher rate of dividend on the existing shares of stock, instead of by an addition to their nominal amount."[1]

Market Value and Earning Capacity

According to the market value basis, securities should be issued in such amounts as to make the total par values approximately equal to the market values. All stocks and all bonds must be worth par, or else those which are quoted below par must be offset by those which are quoted at a premium.

Writers on corporation finance have often failed to distinguish between the market-value basis and a kindred but by no means identical basis, usually termed "earning capacity" or "earning power." As the term is currently used, it means simply the expected net earnings capitalized at some hypothetical rate of interest—say four or five per cent. The figure arrived at by this mathematical process is supposed to indicate the proper limit of security issues. Obviously, a capitalization arrived at in this manner may have some relation to the market values of the securities, for these values depend to a very large extent upon the net earnings. But, although the two bases are related, they may differ widely in amount. Everything depends on the rates of capitalization. If "earning power" hap-

[1] *Report of the Railroad Securities Commission to the President*, 62d Cong., 2d Sess., H. R. Doc. No. 256, December 11, 1911, p. 27.

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pens to be computed at the same rate at which the market capitalizes the earnings, it will be identical with market value —otherwise not.

For the most part, commissions have sanctioned neither market value nor earning capacity as the test of proper capitalization. But to this rule there have been exceptions. The public utilities statutes of New York and of Missouri recognize "earning power at reasonable rates" as one of the elements to be considered in determining the "fair structural value" for capitalization in reorganization cases.[1] A more unqualified endorsement of the earning-power theory was given in some early decisions of the New York Public Service Commission for the Second District. In an opinion on the application of the Westchester Street Railroad Company[2] for permission to issue capital stock Commissioner Stevens discussed at length the proper basis of capitalization. After remarking that value, in the strict economic sense of the word, means nothing but exchange value, he concluded:

> In cases where the sole attraction of a property which gives it exchange value, or in other words creates a desire for its ownership, is pecuniary gain, the measure of the desire and hence of the ratio of exchange is clearly the amount of gain which it is believed can be realized. This fundamental consideration indicates that the net earnings rule of valuation, when properly and carefully applied with due regard to all the features of the individual case, is probably the one having the surest support of basic principles.[3]

In the case at hand, the company had failed to earn even operating expenses, but the commission allowed a capitalization of about $400,000, perhaps as a generous estimate of the earning possibilities for the future. That figure was below the estimated replacement cost depreciated—$445,694; so that, in this particular instance, earning power was the conservative rather than the liberal basis. This ruling of the New York

[1] This point is discussed further below.

[2] III P. S. C. R. (2nd Dist. N. Y.) 286 (1912).

[3] *Ibid.*, 327.

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commission, however, was not unanimous. In an able dissenting opinion Commissioner Sague said:

> I disagree with the theory as developed in this case, and believe that too much stress is placed upon the element of earning power, and too little on the other items which determine value . . . the duty of the commission is to approve of an amount of capital which can be used in making up an honest balance sheet which can be applied later, either by the commission or the public, as a basis for determining whether a corporation is giving its customers fair treatment . . . the most important basis for capitalization would appear to be the money which has been skilfully and economically invested in the property.[1]

A similar majority decision and a similar dissenting opinion from Commissioner Sague were rendered on the application of the Canadian American Power Corporation[2] for permission to capitalize a profitable contract for the purchase of electricity.

The Illinois Public Service Commission has also given weight to earning power in certain security cases. In several instances the commission has permitted a company to purchase property, and to capitalize that purchase, at an amount in excess of the fair value for rate-making purposes.[3] This distinction was justified, in one case, in the following words:

> This commission, among others, has heretofore recognized the difference between the value of a utility when used as a basis for fixing schedules of rates and when it is made the object of purchase and sale between a willing buyer and seller. The allowance of the higher value in the latter case may easily be justified upon the grounds that a prospective purchaser may be satisfied with a smaller return upon his money than he may believe the commission would allow him in a possible future rate-making inquiry . . .[4]

Much the same position was taken by the New Hampshire Supreme Court in overruling a decision of the New Hampshire

[1] *Ibid.*, 342.

[2] IV P. S. C. R. (2nd Dist. N. Y.) 40 (1914).

[3] *Re* Ill. Termin. R. Co., P. U. R. 1917 B 494; *cf.* also IV Ill. P. U. C. 850, 855, 859 (1917).

[4] P. U. R. 1917 B 509–10.

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Public Service Commission, which had refused to allow a desired increase of securities upon consolidation.[1] The decision turned partly on the question whether such an increase violated the law forbidding stock dividends and partly on the more general question of the propriety of the proposed capitalization. On both points the commission had decided against the company; but on both points this decision was overruled by the court. According to the court, the value of the property for the purpose of issuing securities should be based on the answer to the question, "What would a single individual, with abundant means, desirous of engaging in the business, but perhaps cautious in making investments, pay for such properties in the situation found upon the data of the capitalization?"[2] Here the court apparently accepts "reasonable market value" as the basis for security issues.

The principal argument usually advanced in support of both the market-value and the earning-capacity bases of capitalization rests on an appeal to sound economic theory. Capitalization, it is said, should represent the value of the property. But value, in its strict economic sense, means simply market value. Therefore the popular notion that capitalization should be equal to cost—whether original cost or replacement cost—rests on an economic fallacy. The proper standard is either market value or else earning power, which is the basis of market value.

If the above appeal to "sound economics" could be accepted as having any claim whatever to validity, it would apply only to the strict market-value basis of capitalization and not to the earning-power basis. For current economic theory recognizes no capitalization of earnings at any other rate than the actual market rate. The idea of finding value by capitalizing net earnings at an assumed rate is quite foreign to economic theory.

But irrespective of this point, the argument rests on an in-

[1] Grafton County Elec. L. & P. Co. *v.* State, P. U. R. 1917 E 345; *cf.* also P. U. R. 1915 C 1064.

[2] P. U. R. 1917 E 348.

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valid assumption; it assumes that capitalization should really be based on value, and that the only problem is to determine what that value is. As a matter of fact, the very opposite is more nearly true. Capitalization might better represent almost any other significant fact than value. For the value may be found simply by reference to current price quotations. Why, then, attempt to indicate it in the par values? The same remark is in point with respect to the earning-power basis. As Cole puts it,

> What is the advantage of capitalizing on the basis of earning capacity? . . . The mere schoolboy, if you tell him the earnings of a company, and the rate of interest, can tell you its capitalized value. In other words, to register on the books a capitalization based on earning capacity is not only to register an unnecessary figure, but to bury the actual cost of the assets.[1]

The real grounds, however, upon which the earning-power basis is favored by most financiers are quite different from the theoretical reasons stated above. Securities may be made more marketable if the capitalization is in more or less direct relation to the net earnings. A small issue of stock, paying high rates of dividends, cannot be sold on such favorable terms as can a larger issue that pays the same *amount* of dividends but at lower nominal *rates*. Investors feel that a stock paying only four or five per cent. is safer than a stock paying eight or ten per cent., and therefore, they will pay more in proportion for the former.

The earning-power basis of capitalization allows financiers to take advantage of this preference for low-dividend-paying stocks. By making a very liberal and optimistic estimate of the future earnings and by capitalizing this estimate at a high amount—that is, at a low rate—they are able to boost market values above the prices that would prevail under a more conservative capitalization.

But when the earning-capacity basis is interpreted and justi-

[1] William Morse Cole, *Accounts, Their Construction and Interpretation*, rev. ed. (Boston, 1915), p. 208.

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fied in this way, it loses all pretense of representing the value of the property. Capitalization, instead of corresponding to the assets, is really determined at whatever amount will give to the securities their highest market values. The principle was aptly stated by Frederick Strauss when he remarked that ,,capital seeks that form of expression in the way of stock and bond issues that has the greatest market value."[1] Since this principle is at the root of all those evils of stock watering that we desire to prevent, it will hardly be accepted in defense of earning power as the proper basis of capitalization.

Assuming the validity of the principle that nominal capitalization should correspond to actual assets, which of the five proposed bases of valuation should be chosen? In principle, at least, the choice should rest with that basis which will be most useful as a public record. Judged by this test, market value, earning capacity and perhaps even rate-making value would have to be ruled out—market value because it is easily noted from the stock quotations; earning capacity because it can be computed by anyone who knows the net earnings and the assumed rate of capitalization; rate-making value because it is given so much publicity in rate decisions that some different statistical fact might better be represented in the nominal capitalization. The choice, then, would seem to lie between original investment and actual cost, with the balance in favor of the former.

This, we say, would be the logical choice. But in practice, public service commissions have followed no such line of reasoning. They have used first one basis, then another, then a combination of several—depending on the circumstances of the particular case.

In reorganization cases, especially, one finds the greatest lack of uniformity. For this indefiniteness the state laws are largely responsible. Illinois, for instance, makes the vague requirement that the capitalization of reorganized companies must not exceed the "fair value".[2] Wisconsin places the limit at the

[1] *Public Service Magazine*, vol. xiv (1913), p. 99.

[2] Stats., ch. iiia, par. 8686 (37).

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"true value".[1] Still more confusing is the New York law,[2] copied almost verbatim by Missouri. It reads as follows:

> Upon all such reorganizations the amount of capitalization . . . shall be such as is authorized by the commission which, in making its determination, shall not exceed the fair value of the property involved, taking into consideration its original cost of construction, duplication cost, present condition, earning power at reasonable rates and all other relevant matters and any additional sum or sums as shall be actually paid in cash, provided, however, that the commission may make due allowance for discount of bonds.

This long enumeration of elements to be considered in determining capitalization has the effect of preventing any approach to a definite standard. By proper jugglery of the various factors almost any capitalization may be justified as conforming to "fair value". That such is the outcome in practice is indicated by the recent decisions of the Missouri Public Service Commission, which has been called upon to approve two very important reorganizations under the requirements of a statute similar to that of New York.[3] One looks in vain in these decisions for any scientific basis upon which the various amounts allowed were held to indicate "fair value".

Another striking example of the conflict between different principles of capitalization is to be found in the practice of Massachusetts. The commissions of that state are on record as supporting the original investment basis of capitalization. According to the Public Service Commission, "the general purpose of the so-called 'anti-stock-watering laws' is to limit capitalization to honest and reasonable investment, dollar for dollar."[4] At another time it said, "our whole anti-stock-watering public utility code rests on the assumption that rates are to be mainly determined by figuring a fair return on capi-

[1] Stats., ch. 85, sec. 1753 (11).

[2] Public Service Commissions Law, secs. 55a and 69a.

[3] *Re* St. Louis & S. F. R. Co., December 22, 1915, P. U. R. 1916 F 49; *Re* Dunham (reorganization of Kansas City street railways), December 28, 1915, P. U. R. 1916 E 544.

[4] Bay State Rate Case, IV Mass. P. S. C. 33 (1916).

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tal [*i. e.*, capitalization] and that therefore capital should accurately represent investment, no less and no more."[1] Yet, in two important respects this rule is violated. In the first place, it is violated by the law that the capitalization of reorganized street-railway companies shall not exceed the "fair cost of replacement."[2] In the second place, it is violated by the requirement that stock must be sold at a price not materially below its market value, even when that price is above par.

Attention has already been called to the conflicting practices of the New York commissions. At least four out of the five proposed bases of capitalization have been applied by them at various times. Original investment seems to be the standard implied in the law forbidding the issuance of stock dividends. But the commissions, by allowing the indirect capitalization of surplus under the law permitting the reimbursement of the treasury for capital expenditures, have to that extent supported the actual cost basis. Earning power was the test favored by Mr. Stevens of the Commission for the Second District and applied in two or three important decisions; but rate-making value has on several occasions been favored by the Commission for the First District.

This confusion of principles may or may not be justified. Perhaps it can be shown that no one basis of capitalization is applicable in all cases. But if that is true—if it is really out of the question to fix a single definite standard—the whole attempt to make capitalization correspond to assets is of doubtful value. For the purpose of any such attempt is simply to give full publicity to the amount of the assets. If this purpose is to be attained, the basis for determining that amount must be well known to those who may rely on it. At present, the confusing variety of standards prevents any such knowledge. Only by referring to the reports of the public service commissions—and frequently not even then—can one tell what the nominal capitalization really means. But if anyone is willing to go to that trouble, he will find little use in par

[1] Middlesex & Boston Rate Case, II Mass. P. S. C. 99 (1914), p. 111.

[2] R. L., ch. 112, pt. iii, sec. 145 (h).

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values; for he will be able to analyze directly the property accounts of the company without concerning himself about the nominal liabilities.

In the above discussion of the various bases of capitalization it has been constantly assumed that the principle of regulating security issues so as to make the par values correspond to some valuation of the assets is a correct principle. But, as was noted at the outset, there are students of corporation finance who challenge this assumption, and who insist that the attempt to make capitalization correspond to any valuation of the property, however determined, is impracticable. The present writer confesses to this point of view. In a subsequent article he hopes to present reasons for holding that opinion.

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RURAL SOCIALIZATION[1]

THE term socialization as currently used in popular discussions of social problems generally lacks definitenesss. Even recognized sociologists give it various shades of meaning and stress important factors differently. A few definitions from acceptable authorities may be cited to make this clear and in addition to bring immediately before us material from which that which expert opinion in general considers essential to the process may be deduced.

I

Making it practically synonymous with group regulation or social control, Lester F. Ward holds that socialization "is conscious, intentional, wished for, and welcomed telic action, not of the individual as such, but of those individuals into whose hands society, by whatever means intrusts the conduct of its affairs."[2] To Franklin H. Giddings it signifies the growth of a social mind and character, as is made clear by the following quotation: "The process of getting acquainted with one another, of establishing sympathies and friendships, of learning to enjoy association, and of discovering how to cooperate with one another in our work, we may call socialization."[3] Very much like Giddings' definition is that of E. A. Ross: "The socializing process is that growth in the closeness and extent of similarity which multiplies sympathies, promotes cooperations, and makes for harmony among men."[4] Albion W. Small, conceiving it to be the transformation of conflict into cooperation, says that socialization "confines men in restraints, in order to reach the needed support and cooperation for fulfilling and securing their natural or supposed interest; or in restraints

[1] This article is a chapter from a forthcoming book, entitled The Rural Community, Ancient and Modern.

[2] Pure Sociology, p. 547.

[3] Inductive Sociology, p. 59.

[4] Foundations of Sociology, p. 262.

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which the force of social conditions imposed upon them."[1] J. Q. Dealey tells us that "the members of society become socialized in that they become sympathetic one with another and learn the art of cooperation."[2] In less specific terms J. M. Gillette says that "socialization commonly refers to the historical process of developing in individuals the associational ability."[3] With emphasis upon the process rather than the product, E. W. Burgess views it from two angles: "From the standpoint of the group, we may define it as the psychic articulation of the individual into the collective activities. From the standpoint of the person socialization is the participation of the individual in the spirit and purpose, knowledge and methods, decision and action of the group."[4]

Other definitions might be added, but these are sufficient, for nearly all seem to run in much the same vein. A detailed critique of the many notions which have been formulated might be entered upon. Since this, however, would not materially further the particular object of this essay, it may well be dispensed with. It will be enough to note merely the trend of thought in these definitions and their points of agreement. Suffice it, then, to say that apart from a considerable difference as regards phraseology, completeness of statement and points of emphasis in the attempts at describing the phenomenon, there appears to be a pretty general unanimity among real social scientists as to what constitutes socialization. Essentially it may be said to be the integration of group consciousness and conduct. Obviously it is and may correctly be thought of as product or process.

II

Looked at from the standpoint of product, socialization is always a relative matter. The social situation or status of the individual or aggregate in any given instance determines its nature or in what it shall consist. Burgess has brought this out

[1] General Sociology, p. 192.

[2] Sociology, p. 89.

[3] Constructive Rural Sociology, p. 184.

[4] The Function of Sociology in Social Evolution, p. 2.

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in saying that "the socialization of the individual is of qualitatively different types in different historical periods and within different classes."[1] There have been, according to this author, three historical epochs with their corresponding types of socialization. These he designates as the kinship, the personal and the impersonal. At each stage socialization differed qualitatively. And so does it differ with regard to existing individual and group situations. For instance, the socialization of a country boy in the city environment is by no means the same in quality as is the socialization of a youth of an African tribe entering an American group. But socialization varies quantitatively also. There are degrees of it demanded according to the development of the particular individuals or groups in any stage of social evolution. This of course applies to individuals or groups and communities in present-day society.

It may be assumed fairly that the beginnings of group consciousness and conduct, at least in some degree, are always present in any aggregate of mankind, however heterogeneous its composition. This may amount to little more than the most basic sort of consciousness of kind—that of belonging to the human species—but nevertheless it is the manifestation of a degree of socialization. Suppose, for instance, we imagine an aggregate of racial and cultural elements as mixed as it would be if it were composed of all the available stocks of the earth —a polychrome crowd, a complete Babel of tongues, a jumble of cultures both savage and civilized, a veritable pantheon of faiths, a confusion of folkways and mores; there would yet be even here a primordial stage of socialization. To be sure, that community of feeling, thinking, willing and acting in regard to which the members of such a group would vary would be a minimum, but, since they were human beings, it would not be entirely wanting. The socialization of an aggregate of this kind would involve the progressive enlargement of that minimum community of consciousness and conduct. Specifically, in this case, it would mean among other things the integration of a common speech, of common feelings and ideas, of

[1] The Function of Sociology in Social Evolution, p. 71.

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group customs and attitudes, of a like faith, of collective activities *etc.* At any stage of development in this direction the aggregate might be spoken of as being more or less socialized. Whatever the degree of socialization attained, however, there would still remain something further that might possibly be achieved, for no definite limit can be assigned to socialization. There may be an ideal or normative measure of socialization set up as the goal for any given group or community on any plane of social evolution, and there may also be a point beyond which socialization cannot be carried save at the expense of a wholesome individuation, but both the ideal and the point of unprofitable return can be determined, if at all, only experimentally with reference to each group.

When, therefore, the socialization of some particular group or class is the problem, there is implied the development of that which is lacking of group consciousness and conduct according to some preconceived standard. Take for illustration a group of immigrants—say Slavic or Italian—just landed in the United States. The social environment into which they have entered furnishes the ready-made criterion of socialization that is signified when we speak of assimilating them. It is implied that when such a group has acquired the English language, attained the American standard of living and conduct for its class, economically, morally, politically and socially, and has come to assume the general American attitude on all important questions, it will be socialized. The standards of the American social environment are here set up as the norm by popular opinion. Likewise, to socialize any group whatsoever always involves the attainment of some different or higher plane of social consciousness and conduct than is already enjoyed, either upon the demand of another or from voluntary choice.

In the light of the foregoing analysis the question of rural socialization presents itself for consideration. While the subject has been widely discussed and written about, just what it means to socialize a rural community and particularly how to go about it have not always been comprehended or made clear. If concerning rural communities, such as are typical of the

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open country throughout America, which, because of their maladjustments and unsatisfying social conditions, have created and made prominent a farm-life problem, we ask "What is lacking from the standpoint of socialization?", we shall be putting ourselves in the way leading to an understanding of the question in hand. Merely to clear the way at the outset let us take account of the prevalent state of socialization existing in the ordinary rural neighborhood. There will be found a fairly general homogeneity from nearly every viewpoint. Several racial elements may indeed be present, but all will speak the English language. Some farmers will have more land than others, and some will own none, but nearly the same standard of living will after all be seen to exist among them. There will, of course, be manifest inequalities in ability and education, but still all will observe essentially the same personal and neighborhood code of morals and follow the same customs. Practically, despite different church affiliations or none, they will be found of like faith and religious practice. Among them the same general attitude—that which is designated the rural mind—will be assumed. In brief, there will prevail a rural social order to which the individuals are organically related and wherein similarity of feelings, thought and action holds sway. Though strikingly individualistic, the people of a neighborhood conform to a type—the rural social type. Indeed, a cursory survey should naturally lead one to the conclusion that rural communities were already socialized as far as practicable. However, a more thorough inquiry reveals the fact that notwithstanding the obvious homogeneity and conformity to type on the part of the individuals of these groups, there exists a woeful "sociological poverty". The most vital phase of social life is wanting. This deficiency, despite the common practice of speaking of the rural neighborhood as a community, is the lack of essential community itself. Community in a measure there is, to be sure, in every neighborhood, but there is not often that which constitutes the vital and essential community—a consciousness or realization of community and the expression of it through cooperative activities. Below this level the country neighborhood as found over much of America is thoroughly

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socialized. Above it further socialization is imperative. Specifically stated, that higher degree of socialization consists subjectively in bringing about the realization of a common consciousness and objectively in developing cooperation.

There is, I am fully aware, nothing new in pointing this out. Students of rural conditions have long appreciated the need, and agencies of rural betterment have been endeavoring to supply it. Kenyon L. Butterfield, for instance, expresses it when he tells us that socialization is "in general the breaking down of the extreme individualism which exists in most of our country life and is in fact engendered by the farmer's mode of living, and the bringing together of these independent individual elements into a more coherent social group." [1] And to the same effect is Mr. Clarence Poe's observation that "the chief task of the rural reformer today is the creation of the rural community." Our restatement here of what rural socialization signifies is, therefore, chiefly for emphasis and by way of introduction to what follows.

III

The process of socializing the rural neighborhood or of developing an essential community consisting of a community consciousness and cooperative activities is fraught with difficulties. However, these have probably been magnified through the failure of those leaders and reformers who have gone about the work of organizing the forces of country life blindly. With finely drawn plans and specifications for community construction, they have all too frequently besought countrymen to build them a more stately social structure without stopping to consider whether or not the materials of which it could be made were available or could be rendered serviceable if at hand. In consequence these would-be rural reformers have generally found that only air castles rose where they expected substantial creations. They have purposed to make bricks without straw. Testimony to the futility of their efforts is borne by the wreckage of their plans which lie strewn every-

[1] The Country Church and the Rural Problem, p. 37.

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where by the rural wayside. Occasionally, perhaps, idealistic schemes have been in a measure successfully realized, but where this has happened it has probably been due to exceptional conditions rather than to the wisdom of the reformer either in foreseeing or creating a favorable situation. If, then, we seek first to discover of what materials cooperation is made and how these are combined, some of the difficulties of rural socialization, perhaps, will vanish. At least this will be the case in so far as the theory goes and a program of action is involved.

As already suggested, the rural neighborhood cannot often be socialized to the point of cooperation merely by planning concerted activities and inviting people to participate in them. Except in rare cases cooperation must be developed gradually. For, given the ordinary run of rural dwellers, alike mentally and practically but living and working in an unorganized society and in habitual isolation, their ability to get together and cohere in common undertakings is largely latent if not almost non-existent. Mutual confidence, sympathies, enthusiasms, purposes and understandings, adequate coordinations between the several *socii* as to their personal habits and conduct and important adjustments of each to all and all to each are wanting and must first be established. A true group mind must arise in consciousness through the interplay of individual minds in close contact and through a simultaneous like-response to common stimuli. When this has taken place, cooperation of every kind follows as a natural and easy reaction. The necessary psychological environment may in some instances be produced through the educative effects of engaging in or attempting to engage in more or less pretentious cooperative programs, but such procedure is costly and sometimes disastrous, for the school of experience is always hard and costly compared with the school of organized discipline. There is, however, a truly genetic method whereby cooperation may be developed, and which, if followed, will give the requisite social mind for sustaining permanent social activities of this nature. That method we may now trace somewhat in detail.

Instincts are the fundamental incentives to human action. Any appeal to them elicits ready response, and any social pro-

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gram based on such appeal is securely grounded. Among the most powerful of all instincts is undoubtedly the herding or social. As a motivating force it closely rivals native tendencies of even a more primitive nature. In man it is manifestly strong; a true political or social animal, he hungers and thirsts for companionship and association. The rural people of America, no less than other human elements, are socially predisposed. Unfortunately, however, the social instinct in them does not function altogether normally under existing conditions in the open country. It is partially dormant, having become what Graham Wallas would call a "balked instinct". The suppression of this instinct has a history which we may briefly relate. Beginning back in the centuries of pioneering and in the generation of lonely frontier existence through which the stock of America has passed, the gradual balking of the social nature has gone on until, under the isolation of the prevalent mode of farm life into which the country has finally settled, it has reached an advanced stage of atrophy. The main factor in bringing about this balking was the rural environment, which neither demanded nor allowed the free indulgence of the social desire. Human life and the conditions of its existence were out of harmony. A peaceful adjustment to the situation necessitated the suppression of this disposition. Thus through disuse and the process of stifling the natural desire for social contact the social instinct has grown feeble and often so weak that it scarcely responds to stimulation of any sort. Still, it cannot be said to be dead, for the touchstone of social opportunity will and does reawaken it to full and vital functioning.

Far-reaching and important consequences have followed the partial balking of this instinct. These we need not pause to enumerate save to say that one of them has been an effective thwarting of community efforts. This inactive social nature has therefore to be taken account of in any plan for socializing the rural neighborhood. And not only this but a further fact is to be noted, that the conditions under which the social nature was originally balked have acted more recently as an expulsive force, driving from the open country those whose natures remained persistently social in spite of the adverse environ-

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ment. The cities and towns have drawn this element, and the rural neighborhoods have generally been depleted of their most tenaciously social people. So true is this in many sections that the saying has arisen: "Country folks will not come together, and if they do, they won't talk, and when they do talk they haven't anything to say." A stock with a balked social nature to begin with and from which, besides, those retaining their social disposition have been sifted out is, then, the material of which the cooperating community is to be constructed. The first step, therefore, is to stimulate and reawaken this social instinct until it begins to function normally.

Association itself is the means to that end. To begin with it should be of the simplest kind—that of the casual, incidental, informal and temporary meeting for the purpose of extending and deepening acquaintance. Frequent opportunity for such contact and commingling of the people dwelling in a neighborhood must be afforded. For thus the farmer is released from un undue familiarity with nature to the more helpful communion with human nature, through which in turn his latent social desire is called into play and made to grow by indulgence. A notable utterance of Socrates, which Xenephon reports, is to the point here. It runs: "The sayings of the wise men of old we unroll and con together, culling out what good we may, but counting it the greatest gain if meantime we grow dear—one to another."[1] To "grow dear—one to another" by means of simple social intercourse is precisely what is needed among rural people. The significance of this is that the mutual give-and-take, incident to such intercourse, thoroughly effaces their hypersensitiveness and suspicions, enlarges their experiences, expands their personalities until they tend to grow wide like men of the town and makes them stand revealed one to another in a new and better light. As John Dewey so well expresses it: "In social feeling we merge our private life in the wider life of the community and in so doing immensely transcend our immediate self and realize our being in the widest way,"[2] and further: "Not only is social life identical with

[1] Xenophon's Memorabilia, quoted by Devine in Practice of Charity, p. 78.

[2] Psychology, 1888, p. 272.

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communication, but all communication (and hence all genuine social life) is educative. To be a recipient of a communication is to have an enlarged and changed experience. One shares in what another has thought and felt and in so far, meagerly or amply, has his own attitude modified."[1] The necessity for fostering acquaintance and inducing social contact among farmers, if ever the essential community is to come into being in the rural neighborhood, is beginning to be understood by rural sociologists. C. J. Galpin, for instance, has given it due emphasis. He says: "The first plain necessity is for every farm family to extend its personal acquaintance and connections from its own dooryard out to every home in its neighborhood and then out to every home in its community. This must become a settled policy for social preservation, a sacred determination, a sort of semi-religious principle in home, neighborhood and community. In village and city daily pressure brings contact. In the country, rational procedure must take the place of pressure. This places rural acquaintance-making of a large-scale character on the same high moral level with the great idealisms which move men when bare economic compulsion is wanting."[2]

But merely to deepen or to widen the range of acquaintance through chance, occasional or even planned individual and family contacts is not enough. There must also be assemblages—common meetings together of the many—for without these the social experience is incomplete, and the social tendencies are denied full realization. In no other way, indeed, save by the frequent participation in society in action can the social disposition unfold and come into its own. Émile Durkheim is right when he says: "Society cannot make its influence felt unless it is in action, and it is not in action unless the individuals who compose it are assembled together and act in common. It is by common action that it takes consciousness of itself and realizes its position; it is before all else an active cooperation.

[1] Democracy and Education, p. 6.

[2] Bulletin no. 234, Agricultural Experiment Station of the University of Wisconsin, 1914, pp. 4-5.

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The collective ideas and sentiments are even possible only owing to these exterior movements which symbolize them, as we have established".[1] The rural *socii* must, then, form the acquaintance of fellowmen, their neighbors, in an associational capacity. They must be drawn together into assemblages and through them acquire the mind to and learn the art of group-wise functioning.

The influence exerted by the mass upon the individuals in common meetings of various sorts has been sufficiently studied in its pathological aspects, but not nearly enough attention has been given to its normal side. For a normal side to this influence there is, and the rôle it plays as a socializing force is very important. The rural sociologist must take account of it and utilize it to the utmost for community building.

Neighborhood meetings of almost any kind under any auspices whatsoever conduce to the growth of the social disposition in those associating; and they also afford to rural people common stimuli in response to which cooperation has its genesis. Indeed, such meetings, however simple, informal and unorganized, are themselves elemental forms of cooperation. The "felt union of heart and spirit", upon which cooperation rests, as Walter Bagehot rightly said, is in and by them effectively engendered. Moreover, they continue to be the chief means and impetus to its further growth and fuller development. For where even a slight realization of a state of common consciousness is brought about, this of itself straightway begins to "motivate action toward and with other persons."[2] It becomes a dynamic agent for deepening this state of social consciousness itself and for determining further combined action. Says Giddings: "Among individuals mentally and practically alike cooperation, beginning in spontaneous like-response to common stimulation, is further developed, because it yields to the cooperative individuals the same kind of pleasure."[3]

[1] The Elementarl Forms of the Religious Life, p. 418.

[2] M. M. Davis, Psychological Interpretations of Society, pp. 77, 89.

[3] Descriptive and Historical Sociology, p. 353.

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The type of meeting together which may be considered simplest and most primary is any assemblage which is convoked for the purpose of play or recreation. For in such, appeal is made to another basic instinct—the play instinct. To be sure, if viewed abstractly, a more primary form of assemblage than that on the play basis might be said to take place, namely that on the associational basis pure and simple. But while it is conceivable that a neighborhood might assemble in response to the social instinct, merely for the sake of association, in actual experience this does not commonly occur. Almost invariably there is some additional motive or interest in coming together, and as none is more fundamental or more easily responded to than the play instinct, it seems proper to say that any coming together for play gives the simplest and most primary type of assemblage. At any rate, it is fair to say this because in fact neither the play instinct nor the social instinct can be appealed to for associational purposes without involving the other. The play instinct is strongly reenforced by the social; the two function most completely together. Play is a method of realizing the social instinct.

However, the existence of a specific play instinct is very doubtful. Still, there is something that amounts to the same thing—an organic imperative to exercise which is attended by pleasure whenever normal activities are indulged in. Unexpended or surplus energy is the biological basis upon which the impulse to play rests securely. The proposed utilization of this impulse as a means to rural cooperation, however, brings us face to face wlth another case of a more or less balked instinct. At least, if not exactly balked, it has with many country people virtually lapsed into a state of desuetude. So little play has entered into their experience that any natural inclinations for it have remained undeveloped. Especially is this true as regards group play. The exigencies of the pursuit of agriculture are largely responsible for this condition. The unremitting toil incident to his occupation leaves the farmer little surplus energy. He must work long and late during the greater part of the year. And when a brief respite from toil comes, his overworked being normally cries for rest rather than

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for exercise. Thus is accounted for in large measure the absence of much play, a fact which has often been remarked in the ordinary country districts. Besides, a contributory factor of no mean importance, conspiring to rob rural life of the play interest, has been a narrow Puritanism in morals and religion. For generations the influence of Puritanism has hung like a pall over much of rural America, quenching the spirit of fun, suppressing the most valuable forms of amusement, turning leisure hour into gloom and making Sundays a horrid nightmare for the youth of the country. Yet notwithstanding all this, the play impulse is easily called into action and may be most effectively employed for welding the neighborhood into a community.

When the rural neighborhood is brought together for play, community ends will scarcely be subserved most advantageously unless the activities engaged in are of the group or team sort. These will have to be fostered and organized, for they are really not indigenous to the country. An investigator of the United States Department of Agriculture is responsible for the statement that out of 189 games known in the country catalogued by him only 8 could be called team games. The others were purely individualistic. Team play, then, must be learned; and an induction into it will probably be found easiest through outdoor recreational activities. For more or less strenuous outdoor physical sports are first in the order of preference, since the farmer's habitual life lies in this plane. Country people express themselves naturally in a muscular way, though not, to be sure, in group-wise fashion. The value of team play for them inheres not, of course, in the mere exercise it affords but also in the social discipline it gives. Out of it arises the real we-spirit together with a sense of group loyalty. Accompanied by a heightening of spirits, team play results in a more complete fusion of minds toward common purposes. Thus the essential community comes into existence. Brought together often enough for such play, the rural neighborhood will undergo rapid transformation in this direction of mental and practical oneness. Field-days, inter-community matches and contests of various kinds, both outdoor and indoor, athletic and otherwise,

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neighborhood fairs, celebrations, simple pageants and the like, are all admirable means leading to the desired end. Instances are personally known to the writer where through the participation of a whole neighborhood in frequent field-days and picnics combined, far-reaching changes have been wrought in the mental attitudes and the united activities of the people.

When the element of rivalry in inter-group contests is utilized for play organization, appeal is again made to another instinct. This time it is the combative nature that is called forth. When coupled with the social and play instincts this is a motive of sufficient power to give the very strongest sort of grouping. And when thus brought under the restraint and discipline of group interests and aims, it becomes a useful rather than a dangerous factor in the socializing process.

Any comprehensive program of rural socialization should by all means provide for the training of childhood. Obviously, this is the sure if somewhat the longer way to the realization of the cooperating community. Child groups or primary groups are the protoplasm of society; they are, as C. H. Cooley points out, the true nurseries of human nature and community life. The country is naturally poor in children's play-groups, and the rural educational institutions have sadly neglected to foster them. When, however, they are properly nourished and team play is cultivated in them, there grows up that unity and common consciousness wherein consists the true community. Thus the desired stage of socialization is arrived at without difficulty. Yet, indispensable as is the proper moulding of the rising generation through the medium of group play, we may dismiss the subject without further comment, since it pertains chiefly to the field of formal education rather than to the specific topic of this essay.

Once fully sharing in the common pleasures of meeting and associating in group play and enjoying that primary form of cooperation thereby established, the rural neighborhood will easily and almost inevitably pass on to the more complex and difficult forms of cooperation. Having learned how to play together, the group will then be definitely inclined and fully prepared to work together. Thus it comes to the second stage in the development of cooperation, namely, the work stage.

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Most rural neighborhoods have certain traditional practices which combine work and play: the familiar bees, such as the barn-raising bee, the husking bee *etc.* These play-work activities shade off from those where play predominates to those of the all-work kind. Unfortunately, bees are passing out of fashion and already belong more to the past than to the present; and owing to their spasmodic and infrequent occurrence it is doubtful whether they have ever contributed much toward a community spirit which produces permanent cooperation. Be this as it may, it is fair to say that they furnish a simple basis for working together which can be broadened and made to serve immediate as well as remoter ends. While the range of possibility for cooperative work in farming is necessarily limited and apparently tends to become more so under modern conditions, a fairly ample field still lies open. To cultivate this field will be profitable, especially where a program of socialization is involved, for cooperation in work will prove a stepping stone to a still more difficult stage of combined effort. Perhaps it is not an indispensable step to the next stage, but it will make it easier of approach.

The third stage of cooperation is reached at the economic level where the business end of agriculture is involved. Undertakings of an economic character must necessarily start with those that are simple and which incur little risk or cost. An enterprise of this sort is combined effort for the purchase of farm supplies. Indeed, where economic cooperation has been successfully developed, it has usually started in this manner. Throughout the Central Valley where in places the community has become sufficiently formed this type of economic association is beginning to arise. A somewhat higher order may be reached where community live-stock associations are organized for purchasing and owning thoroughbred animals. These afford excellent opportunities for neighborhood enterprises, combining, as they may, common ownership with common risk and effort. The range of practical common ownership among farmers is perhaps not great, but there are far reaches of it which await exploitation. The community ownership of tools, grain elevators, storage warehouses and the more easily

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achieved and managed types of combination are already coming into vogue in certain quarters.

Community selling is a more highly complicated venture than either buying or ownership. The cooperative marketing of live stock is of all about the least difficult type. It is being tried in a limited way in some sections of the general farming area. Among farmers engaged in the more specialized kinds of agriculture, notably fruit-growing, community selling has become widely established.

Cooperation in production brings us to the upper limits of communal effort along economic lines. Cooperative selling very often and very naturally leads to cooperative production or at least to certain phases of it. The creamery is a typical undertaking of this kind. Others, such as reduction plants for making fertilizers and electric plants for light and power are not beyond the reach of the rural neighborhood which has attained a high degree of socialization.

These advanced forms of cooperation for economic purposes are well established in certain communities of the Northwest and elsewhere. The communities in question are for the most part composed of Teutonic racial elements with long-standing communal traditions of European origin. The people are so well socialized that combined action is a natural mode of attaining economic ends. Typical American neighborhoods, however, have so far made only the merest beginnings, if any, in this direction. They await the transformations of the socialization process. Through the associational, recreational and combined-work agencies already mentioned they may be brought to the desired goal.

When step by step, through appeal to the gregarious instinct, the play impulse and the economic motive, the essential community has been gradually built up, then the non-essential and less utilitarian modes of cooperation become possible. The highly cultural, altruistic and aesthetic interests of the community may now be sought through group organization, provided, of course, there are such needs to be satisfied. Not all communities, however, become aware of these needs. Aesthetic sentiments, especially, are likely to be wanting. They

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arise late even in the individual, and it is therefore not at all strange that they seldom appear as group wants. But in so far as any of these interests manifest themselves in the rural neighborhood, they may be pursued cooperatively and a fourth stage of communization entered upon. This for the want of more suitable terms we may call the cultural or welfare level of socialization. Nor in so naming it is the fact forgotten that before it is reached certain activities in this plane, which are more or less group enterprises, are found in most rural neighborhoods. There are schools, churches and perhaps farm-organizations and clubs for educational or other purposes. And these always involve a minor degree of cooperation. But it is only a minor degree, for the stage of community cultural and welfare organization and endeavor proper is normally the last to be reached.

IV

Having indicated the four stages of cooperation in what seems to be their genetic order of appearance, we may now attempt to formulate the law governing its development. The ruling factor is that of preferential motives. As already pointed out, the first is the gregarious tendency; the second, the play instinct; the third, the work impulse; the fourth, the economic need; and the fifth, the cultural interest. Each succeeding motive comes into play less easily and operates at greater cost to the group; and thus is established their order of choice as well as the sequence in which cooperation of various types takes its rise. Viewing it chiefly on the mental side, Giddings has partially analyzed the phenomenon under discussion and has attempted to account for the order of motives as follows: "It is unnecessary to argue that immediate pleasure appeals to the mind more directly than considerations of remoter utility. There is a vast amount of cooperation, for example, in play, games, sports, and festivals, in which immediate pleasure rather than remoter utility is the motive. The mind here simply follows the law of activity in the direction of least effort. When immediate pleasure begins to be a diminishing return, the mind

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reaches out with new effort to discover and obtain the possible remoter utilities." [1]

Coming together on the simple associational plane, which is one of instinctive pleasure and also of least possible cost, the neighborhood group passes on to the plane of organized play, which is also one of instinctive pleasure but which is of slightly increased cost for combined action. From these initial stages the aggregate rises through the working-together plane to the economic level, with a gradual yielding of immediate pleasure to utilitarian incentives and satisfactions. During the transition the cost of cooperation becomes steadily enhanced and continues to increase as the more elaborate forms are ventured upon. And finally, when the community reaches the fourth level, where mutual culture and welfare concern it vitally, and the more subtle and far more remote utilitarian interests furnish the motives, the cost to the group has become the greatest yet demanded. Neither on the economic nor cultural planes, however, is the pleasurable incentive wanting; it is only subordinated to the more rational factors. The satisfactions of combined action have only come to be of a higher and more enduring nature. The law summarizing the process we have been describing may be stated as follows: *Cooperation in rural neighborhoods has its genesis in and development through those forms of association which, beginning on a basis of least cost, gradually rise through planes of increasing cost to the stage of greatest cost in effort demanded, and which give at the same time ever increasing and more enduring benefits and satisfactions to the group.* Normally, it is only where the cost is at the minimum that the unsocialized rural people will get together and function group-wise; and normally, it is only by virtue of the cumulative effects of such functioning that the gradual integration of a real community mind takes place and makes possible cooperation on the basis of ever-increasing cost. Instances where the operation of this law may clearly be observed are not wanting. One or two may be cited for illustration. Within a half-century Denmark has developed in its agri-

[1] Descriptive and Historical Sociology, p. 353.

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cultural life into the most thoroughgoing cooperative commonwealth known to the world of modern times. Students of the history of this development are generally agreed that the Danish people learned the art of cooperating through the medium of common meetings for simple social purposes. A wide-spread interest in singing popular songs and hymns seems to have been the original ground for such meetings. Singing together on frequent occasions gave birth to an enthusiasm for common festivities and recreations of a religious and patriotic character. From these association passed into its economic phase, and cooperative activities of various kinds, even to the most extensive and complicated, arose. The result has been the upbuilding of a thoroughly satisfying rural community life, remarkable for its solidarity and mutual helpfulness. Mr. Warren D. Foster tells of a New England neighborhood whose experience coincided with that of Denmark and likewise exemplifies the law we have formulated. He says: "Homewood paid attention to the example of a nearby village, the leaders of which had tried again and again to form a successful cooperative onion-selling society. The farmers were unable to do business together. Then they organized a singing society. They sang together for the fun of singing together, not for the music they produced. They acquired the habit of doing things together efficiently. A successful cooperative onion-selling organization was the inevitable result."[1]

Failure to recognize the principles upon which the development of communization rests and to obey the law governing it has led both the practical and the theoretical reformer astray in dealing with the problem of country life. But if leadership will conform to these demands, a reasonable degree of success ought to attend the execution of any program of community building, and the desired measure of socialization for the rural neighborhood ought to be achieved.

[1] See Proceedings of the National Educational Association, vol. liv, p. 52.

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V

The foregoing analysis of the process of rural socialization has been unfolded somewhat along the lines of a program to be followed in community building. Throughout, the presence of leadership or a directive agency to effect the process has been assumed. This leadership or agency, as the case may be, now merits attention.

The dynamic forces and the telic or leading directive agency of society are wrapped up together in the same individuals. Only for the sake of science do we speak of instincts, impulses, desires, needs, interests *etc.*, as propelling forces, and of ideas and purposes as telic or controlling agencies. As a matter of fact, the two are not separated; they operate conjointly. It is sometimes difficult even to distinguish them at all, for the forces may play spontaneously and accidentally and take direction seemingly of themselves and lead to goals as though by actual design. Thus, apparently, cooperation has now and then taken its rise in rural neighborhoods. Of course, the specific form that it may have assumed has been determined by the telic agency, but not so the genesis and the development of the communal activity itself, so far as can be discerned. To be sure, where the development has gone to much length the controlling agency has become manifest; but rarely has this automatic cooperation extended beyond the simpler stages.

Again, cooperation has often arisen in response to environmental, social and economic pressure. It would not be far wrong to say that in such cases the directive agency has been the critical circumstances themselves. However, I suppose this view would not be acceptable to those sociologists who deny the dualistic theory of social causation. For they would insist that the force must be either psychic or cosmic, whereas the operation of both is here implied. But this mooted question aside, it will do no harm for the sake of simplicity to think of crises as sometimes being the directive agencies in the rise of cooperation.

Among people of practically every stage of evolution in the world pressure has been a community-making factor. Drought,

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plague, the portents of nature, fire, flood, wind, famine, peril, calamity, oppression, crises of any sort whatsoever and however induced, have been among the divinities at work creating vital group life. Durkheim notes their rôle among the primitive tribes of Australia.[1] Ch. Letourneau lays stress upon the part they played in the making of the feudal commune.[2] And the history of cooperation in the rural districts of Europe shows in many instances a very close correlation with environmental pressure. One outstanding case, for example, was the rise of cooperative credit associations in rural Germany. In America, likewise, pressure has forced communization upon many a farming group and neighborhood. One striking instance, admittedly exceptional, has come to the writer's attention from a community of the Central Valley. This neighborhood had been devastated by a cyclone, which had left the farmers in all but ruined circumstances. Among the losses were practically all the public buildings of the district. Before the storm there had been three substantial Protestant churches. Only one of these weathered the gale and for a time became the refuge of those whose houses had been destroyed. Sharing in a common calamity and being driven together thereby in mutual sympathy and aid, the people of the neighborhood, when Sunday came and custom inclined them toward the sanctuary, actually found themselves assembling together in the one building for worship. They found, moreover, that it was good to do so—that their divisive doctrines and habits could be merged in a harmonious fellowship. They have since continued to worship together as one church. And this is not all, for other cooperative efforts have followed. Several communal undertakings of a somewhat difficult nature have been organized. Thus are confirmed the words of Letourneau: "It is often said by way of a proverb that union makes strength, but it is still truer to say that weakness makes union."[3]

Economic pressure has forced cooperative marketing upon

[1] See The Elemental Forms of the Religious Life, pp. 403-404.

[2] See Property: Its Origin and Development, pp. 309, 368.

[3] *Ibid.*, p. 368.

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a good many neighborhoods engaged in the more highly specialized lines of farming. Notable among these are some of the fruit and truck-growing communities of the West. Here "weakness made union". Dire failure on account of the inability of the individual producers to find markets drove them together in united action. Thus some of the best known and most successful cooperative organizations have had their genesis. The pressure of adversity in such cases has pushed the unsocialized and atomic individuals into a relatively advanced kind of communal action from the outstart. The law governing the development of cooperation thus seems to be set at naught. But the fact remains that these ventures are rarely successful at once. Generally they achieve success through many failures, the cooperators having finally learned the art of combined action through the educative process of their own efforts. If, as is not infrequently the case, they do not succeed at all, the explanation will be found in the lack of sufficient integration of the communal mind and in the failure of the association forced through pressure to create it.

Obviously, the agency of pressure is a capricious one which plays as chance decrees. Its effects are far more likely to be malevolent than benevolent. Most ill-winds blow nobody good, and seldom are the uses of adversity sweet even to farmers. Clearly, then, rural socialization cannot rely with confidence upon crises; least of all can it await their pleasure.

The real and only dependable agency is personal leadership. Rural teachers, pastors, county agents and perhaps occasionally others are those upon whom must fall the task of socializing the country neighborhoods of America. And these, as has been again and again emphasized, must be soil-born and country-bred and in addition must be trained so that they will have the communal outlook and know how to proceed in building the essential community. Theirs it is to set in motion the genetic process, to exercise supervision over it and to direct it until it is well under way. Then it may be trusted to run of its own momentum, and as it further evolves to produce its own leaders. The imported leader, however vital his social vision, and the indigenous leader, however orthodox his rural culture,

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are both alike misfits, if either lacks the merits of the other, the absence of which in the one means inaction and in the other, failure. Beautifully wrought out and feasible programs of cooperation, which theorists are wont to put into the hands of the untrained and visionless country teachers and pastors, are useless because such leaders cannot execute them. Similarly, reformers who know what the country really needs are unable to supply that need because they are not countrymen themselves and cannot command a following. In the face of these conditions, the socialization of the rural neighborhoods of our land will, for the most part long continue to go forward accidentally, haltingly and blindly, since the development of competent leadership is a process slow at best and as yet scarcely begun.

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THE BRITISH CABINET, 1916–1919

THIS paper is intended to supplement an article published in an earlier number of this journal which undertook to give some account of the British war cabinet as an institution of government.[1] The principal facts presented and conclusions reached in that article were, briefly, these: (1) In place of a cabinet of the old type, of twenty-odd members, most of them busy with the administration of the executive departments of the government, a small war cabinet of five members was instituted in December, 1916, charged with the supreme direction of the war and the determination of governmental policy. Of its members only one was an active administrator, the others being "ministers without portfolio" or holding nominal offices which involved no departmental work. The heads of departments, the active ministers, ceased, under the new system, to be members of the cabinet and were thus free to devote much more of their time and energy than formerly to their administrative duties. In practice the war cabinet system meant a separation of the functions of administration and the determination of policy. (2) With the establishment of the new system that secrecy which had in the past been characteristic of British cabinet procedure was abandoned. From the outset the war cabinet was equipped with a well organized secretariat, records of its meetings were kept, and a large number of outsiders were summoned to its meetings during the first year of its existence. Early in 1918 it issued an official *Report for the Year 1917*, which was quite without precedent. Thus the air of mystery which had always surrounded the cabinet was entirely dissipated. (3) In only a purely formal way can it be said that the war cabinet was responsible to the House of Commons. The House played no part in bringing it to power, and it is doubtful if it could have dis-

[1] "The British War Cabinet", POLITICAL SCIENCE QUARTERLY, vol. xxxiii, pp. 378–395.

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missed it. (4) The prime minister ceased, under the new system, to be the leader of the House of Commons, as had invariably been the case in the past when he was not a peer; nor did he regularly attend its debates. His place as leader of the House was taken by the chancellor of the exchequer, a member of the war cabinet, who represented the Government and answered questions addressed to the prime minister. (5) The war cabinet was expanded into an imperial war cabinet by the admission of representatives of the governments of the Dominions and of India. The sittings of this body extended from March to May, 1917. It was a wholly novel institution in British imperial politics and expressed the solidarity of the empire in the crisis of the World War.

Departures from the accepted principles of cabinet government so radical as those involved in the establishment and operation of the war cabinet may properly be spoken of as a revolution. But since cabinet government in England has always rested upon convention, it was possible to effect this revolution without change in the law. In the words of a careful student of British government during the war, "The existence of the new War Cabinet may be ascribed to the decision of Lloyd George, in the process of constituting the new government, and the change was accomplished when the new ministers accepted their posts and Parliament silently acquiesced in the result, announced in the Prime Minister's first speech to the House of Commons." [1]

The war cabinet lasted nearly three years. It was created in December, 1916, and came to an end in October, 1919. During its life time it experienced a number of changes in personnel. Its original members were Lloyd George (First Lord of the Treasury and Prime Minister), Lord Curzon (Lord President of the Council and Leader of the House of Lords), Lord Milner (without portfolio), Bonar Law (Chancellor of the Exchequer and Leader of the House of Commons) and Arthur Henderson (without portfolio). Like the cabinet which it suc-

[1] J. A. Fairlie, British War Administration, p. 30. This volume is published by the Division of Economics and History of the Carnegie Endowment for International Peace as *Preliminary Economic Studies of the War*, no. 8.

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ceeded the war cabinet was a coalition. Lloyd George was a Liberal, Henderson represented the Labor party, and the other members were Unionists. During Mr. Henderson's visit to Russia in the spring of 1917 George Nicoll Barnes sat temporarily with the war cabinet as the representative of the Labor party, withdrawing when Henderson returned. On August 11, in consequence of a speech delivered at a conference of his party, in which he favored the sending of British delegates to an international labor congress to be held at Stockholm, Mr. Henderson resigned, and his place was taken permanently by Mr. Barnes, who was appointed on August 13.[1] In June, 1917, General Smuts, who had been attending meetings of the imperial war cabinet as the representative of South Africa, was invited to join the British war cabinet and sit with it during his sojourn in the British Isles.[2] The position of General Smuts was peculiarly anomalous. Not only did he hold no ministerial office in the United Kingdom, but he did not, like his colleagues in the war cabinet, have a seat in Parliament.[3] The appointment of a Dominion statesman to the British cabinet naturally gave rise to some comment respecting his status. It is clear that he was regarded by his colleagues as fully a member of the war cabinet, and as such he was appointed to important committees created by it.[4] It was officially stated, however, that he received no salary as a member of the war cabinet, though the hotel expenses of himself and his staff were defrayed by the Government Hospitality Fund.[5] General Smuts continued to serve as a member of the war cabinet until December, 1918. The exacting duties of Mr. Bonar Law as

[1] *Times*, Aug. 7, 13 and 14, 1917.

[2] War Cabinet, Report for 1917 [Cd. 9005], p. 1.

[3] Prior to the establishment of the war cabinet there had been very few exceptions to the rule that a minister must sit in Parliament; see Gladstone in "Kin beyond Sea", published in *The North American Review* for Sept., 1878. This rule had been departed from in December, 1916, when five persons were appointed to the ministry who were not members of either House of Parliament; see Fairlie, *op. cit.*, p. 43.

[4] Parliamentary Debates, fifth series, Commons, vol. 98: 1977; vol. 103: 1827; War Cabinet, Report for 1918 [Cmd. 325], pp. 2, 3, 5.

[5] Parl. Deb., fifth series, Commons, vol. 99: 570.

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Chancellor of the Exchequer and Leader of the House of Commons presently made it impossible for him to devote much time to cabinet business. It was announced on July 9, 1917, that he would turn over to a new member of the war cabinet most of the cabinet work which he had previously performed. "He will not, for instance," said the *Times*, "be expected to be in regular attendance at future meetings of the Cabinet, and he will be relieved of the vast amount of committee work which falls on a member of the Cabinet. It is probable, too, that he will cease to preside over Cabinet meetings, as has been the custom, when the Prime Minister is discharging public duties elsewhere." It appears, however, that Bonar Law, though relieved of committee work, continued to attend meetings of the war cabinet, at least for some time after this.[1] Sir Edward Carson, whose appointment as one of the original members of the war cabinet had been looked for in well informed quarters, joined it on July 17, 1917, as a minister without portfolio,[2] but resigned on January 21, 1918. As leader of the Ulster party he took the position that the cabinet should be free to discuss important questions of Irish policy without his presence.[3] On April 18, 1918, Lord Milner was appointed Secretary of State for War and at once resigned from the war cabinet. His place was taken by Austen Chamberlain.

Following the General Election of December, 1918, which resulted in an overwhelming majority in the new House of Commons for Lloyd George, the Prime Minister requested the members of his ministry, including his colleagues in the war cabinet, to place their resignations in his hands, preparatory to the reconstruction of the Government. There was a widespread belief that the war cabinet system would be abandoned,[4] but on January 10, 1919, when the formation of the new Coalition Government was officially announced, it was stated

[1] Parl. Deb., fifth series, Commons, vol. 103: 1437.

[2] A number of changes in the ministry were made at this time.

[3] *Times*, Jan. 22, 1918.

[4] *Ibid.*, Dec. 31, 1918.

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that "until there has been more time to make permanent peace arrangements, the existing War Cabinet will be continued."[1] In the new Government the war cabinet was composed of the following members: Lloyd George (First Lord of the Treasury and Prime Minister), Lord Curzon (Lord President of the Council and Leader of the House of Lords), Bonar Law (Lord Privy Seal and Leader of the House of Commons), Austen Chamberlain (Chancellor of the Exchequer) and G. N. Barnes (without portfolio).[2]

The old British cabinet was a secret council. It employed no secretary, kept no official record of its proceedings and admitted no outsiders to its sessions. Its procedure was, indeed, quite unbusinesslike.[3] The war cabinet, on the contrary, set up a well organized secretariat, kept minutes and summoned many outsiders to its meetings. Its published reports, together with certain other authoritative sources of information, make it possible to give some account of its procedure.[4] We have something more substantial to go upon than the rumor and occasional reference in the biographies or memoirs of ex-ministers which used to constitute our "authority" for cabinet procedure.

From the date of its establishment in December, 1916, to the close of 1918 the war cabinet held 495 meetings, exclusive of the meetings of the imperial war cabinet,[5] of numerous conferences with representatives of allied governments at which all or most of the members of the war cabinet were present, and of meetings of committees of the war cabinet.[6] During the

[1] *Times*, Jan. 11, 1919.

[2] Parl. Deb., fifth series, Commons, vol. 112, p. vii.

[3] This was no doubt one of the reasons for the breakdown of the old cabinet system; Parl. Deb., fifth series, Lords, vol. 30: 266.

[4] Two *Reports* have been published by the war cabinet, one for 1917 [Cd. 9005], and one for 1918 [Cmd. 325]; a somewhat detailed account of its procedure was given by Lord Curzon in a debate in the House of Lords on June 19, 1918 (Parl. Deb., fifth series, Lords, vol. 30: 263 *et. seq.*), and a much briefer one by Bonar Law in the House of Commons on the same day (*ibid.*, Commons, vol. 107: 394).

Infra., p. 90 *et seq.*

[Cmd. 325], p. 5; Parl. Deb., fifth series, Lords, vol. 30: 267.

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five months immediately preceding the establishment of the war cabinet, while the Asquith coalition ministry was in existence, only 18 meetings of the full cabinet and 41 meetings of its war committee had been held.[1] Down to the close of 1917 the number of persons, other than members of the war cabinet and its secretariat, who attended its meetings was 248 and in 1918, 278,—many of them attending on several occasions.[2] In addition to heads of departments the war cabinet summoned to its meetings experts in practically every branch of governmental activity.

Meetings began at half past eleven or at noon, and often more than one were held in a day. A member of the war cabinet described the system as that of "a Cabinet in permanent session." Meetings regularly began with the hearing of reports on the military and naval situation by the military, naval and civilian officials most immediately concerned. The First Sea Lord of the Admiralty and the Chief of the Imperial General Staff attended regularly, the civilian heads of the Admiralty and the War Office and the Director of Military Intelligence, frequently. Then as a rule came a discussion of the diplomatic situation, at which the Secretary of State for Foreign Affairs was always present, often attended by his parliamentary under-secretary or the Minister of Blockade and sometimes by experts from his department. The cabinet next proceeded to the *agenda* of the day. This consisted of a list of topics prepared in advance, subjects being put down by the Prime Minister or any other member of the war cabinet or at the request of any minister.[3] The *Report* of the war cabinet for 1917 gives the following brief description of its procedure:

> The method of working the War Cabinet is as follows. At each meeting the Cabinet begins by hearing reports as to the progress of the war since the preceding day. Unless it wishes to confine its deliberations to general questions of policy, it then proceeds to deal with questions awaiting its decision. As these questions in the vast major-

[1] Parl. Deb., fifth series, Lords, vol. 30: 267.

[2] [Cd. 9005], p. 2; [Cmd. 325], p. 5.

[3] Parl. Deb., fifth series, Lords, vol. 30: 268–269.

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ity of cases affect one or more of the administrative departments, almost all its meetings are attended by the ministers and their chief departmental officials concerned. The majority of the sessions of the War Cabinet consist, therefore, of a series of meetings between members of the War Cabinet and those responsible for executive action at which questions of policy concerning those departments are discussed and settled. Questions of overlapping or conflict between departments are determined and the general lines of policy throughout every branch of the administration co-ordinated so as to form part of a consistent war plan. Ministers have full discretion to bring with them any experts, either from their own departments or from outside, whose advice they consider would be useful.

It is probable that British cabinets have always referred matters for report or for decision to individual members and to committees; we know that extensive use was made of committees by the coalition cabinet of 1915–1916.[1] From the outset the war cabinet delegated many questions, sometimes for report and sometimes with power to decide, to individual members or to committees of ministers or others. Prior to June 19, 1918, no fewer than 92 *ad hoc* committees were appointed to investigate and report upon particular questions or groups of questions. As a rule their recommendations were confirmed by the war cabinet. In course of time a number of permanent committees were set up to deal with special classes of questions. This development took place mainly during the second year of the war cabinet's existence.

There was the War Priorities Committee, created in September, 1917, empowered to settle questions of priority affecting the manufacture of aircraft, munitions *etc.* It consisted of the heads of the principal departments concerned, with General Smuts as chairman. This committee, in turn, set up nearly a score of interdepartmental subcommittees, which seem to have been successful in minimizing interdepartmental friction. The Eastern Committee was established in March, 1918, to deal with the many and perplexing problems that arose in the territory between the eastern shore of the Mediterranean and the

[1] See POLITICAL SCIENCE QUARTERLY, vol. 33, pp. 380–381.

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frontiers of India—in Palestine, Syria, Mesopotamia, Persia, the Caucasus *etc.* Lord Curzon was its chairman, and it included the heads of the departments most closely concerned.

The war cabinet was severely criticized both in Parliament and in the press for not devoting its entire time and energy to questions immediately related to the conduct of the war.[1] This criticism undoubtedly had much to do with the establishment of two new standing committees. In June, 1918, the Economic Defence and Development Committee was appointed with Austen Chamberlain as its chairman. It was given wide power to deal with economic matters, and it referred to the war cabinet only important questions of policy. Later in the same month a Committee of Home Affairs was created to deal with such domestic questions as required the cooperation of more than one department or were of such importance that they would otherwise demand consideration by the war cabinet. It was given wide discretionary authority in matters in which it reached agreement if they did not raise important political issues. It was made up of the heads of the more important departments that had to do with domestic affairs, with the Home Secretary as chairman. It dealt with questions of health, food, education, wages and the like. At the end of October, 1918, the Demobilization Committee was appointed, consisting of three members of the war cabinet, General Smuts, Mr. Chamberlain and Mr. Barnes. It determined questions of demobilization and sat almost daily until December 11.

Intimate relations were maintained between these various standing committees and the war cabinet. In most cases the chairmen were members of the cabinet and in every case had access to its proceedings. Moreover, the secretaries of the committees were invariably chosen from among the assistant secretaries of the war cabinet, and the proceedings of the committees were circulated among the members of the war cabinet.[2]

[1] See, *e. g.*, speeches by Lords Midleton, Lansdowne and Crewe, Parl. Deb., fifth series, Lords, vol. 30: 239–262, *passim*.

[2] On the standing committees of the war cabinet see [Cmd. 325], pp. 1–5 and Parl. Deb., fifth series, Lords, vol. 30: 273–275.

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While it was in existence the war cabinet superseded the former and much larger cabinet of ministers, which had been responsible for the direction of governmental policy. Sometimes a minister not in the war cabinet was spoken of as having cabinet rank, but this expression seems to have had no real meaning.[1] Occasionally, however, a meeting of all the ministers, called a "*plenum* of the cabinet", was summoned to consider matters on which they were entitled to be heard. Such meetings were held to discuss the Representation of the People Bill and phases of the Irish question. But even in matters that were brought before the *plenum* the power of ultimate decision seems to have rested with the war cabinet.[2]

Small as the war cabinet was, and its smallness was supposed to be one of its chief merits, something that may be called an "interior junto" developed within it, probably in much the same way that similar "inner rings" had grown up within previous cabinets. Soon after the establishment of the war cabinet it became a matter of common notoriety in well informed circles that not all of its members were of equal weight in counsel. The Prime Minister, rumor had it, relied especially upon Lord Milner for advice and aid. In an editorial in its issue of April 19, 1918, the *Times* had this to say of the position of Lord Milner:

> The War Cabinet . . . was created . . . in the form of a small body of Ministers, without the distraction of Departmental portfolios, who would all be free for this reason to attend to the great main questions arising out of the war. The experience of a year's working, however, has shown that the men in it who really count for this purpose are an even smaller number, and there is no doubt whatever that the chief burden of decision—not only about the war, but about the incessant interdepartmental questions which do in practice reach the Cabinet—has in fact been shared with the Prime Minister throughout by Lord Milner. Every one who has had dealings with the Government knows it.[3]

[1] Parl. Deb., fifth series, Lords, vol. 30: 254.

[2] *Ibid.*, 276.

[3] *Ibid.*, Commons, vol. 103: 2217–2219.

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Next to the Prime Minister and Lord Milner, Lord Curzon and General Smuts were, perhaps, the most influential members of the war cabinet. There is no doubt that General Smuts made a marked impression upon his colleagues and that his judgment, especially in matters of imperial policy, counted heavily with them.

The establishment of the war cabinet involved the virtual abandonment of the principle of the collective responsibility of the ministry. The fact that the ministry of which the war cabinet was the head was a coalition rather than a party administration contributed, perhaps, to this result, since collective responsibility has always been closely associated with political unanimity. But still more important was the fact that the heads of the government departments, with one exception, were no longer members of the cabinet and no longer met together as colleagues discussing in common the important questions arising in their several departments. The ninety-three men who formed the ministry in June, 1918, can have had little sense of that corporate solidarity which is essential to collective responsibility.[1]

The war cabinet itself was in theory responsible to the House of Commons, and on more than one occasion this theory was voiced by Bonar Law, the cabinet's spokesman in the House.[2] But it may well be doubted if this responsibility, while hostilities were in progress, was much more than a figure of speech. For years before the war the authority and prestige of the

[1] "I think that the country at large does not realize that what is called the War Cabinet is the only Cabinet. There is no other Cabinet. People, some even in this House . . . seem to be under the impression that the War Cabinet is a small body like the War Committee of the late Cabinet, and that outside that there are the usual weekly meetings of the heads of the great Departments. There is no other Cabinet." Herbert Samuel, Feb. 13, 1918, Par. Deb., fifth series, Commons, vol. 103: 123. See also *ibid.*, Lords, vol. 30: 252–255, 262; and POLITICAL SCIENCE QUARTERLY, vol. 33, p. 391.

[2] Parl. Deb., fifth series, Commons, vol. 101: 1305; vol. 103: 130–131, 142. In a debate in the House of Lords on June 19, 1918, Lord Crewe, after expressing regret at the disappearance of the collective responsibility of the Government as a whole, added, " . . . I take it, the War Cabinet do admit and claim for themselves collective responsibility among themselves." Parl. Deb., fifth series, Lords, vol. 30: 262.

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House of Commons had been diminishing as the power of the cabinet increased, and the immediate effect of the war was to exalt the cabinet and depress the House still further. In its relation to war legislation and finance Parliament was little more than a body for the registration of executive edicts. The legislative initiative of the House, which was in a sad state of decline before the war, now disappeared. Autocratic powers demanded by the Government were conferred upon it with little or no debate and as a matter of course. Parliament and the country acquiesced in a virtual dictatorship. *Videant consules ne quid res publica detrimenti capiat.* Though Mr. Asquith and his followers constituted a formal Opposition, the customary methods of party criticism, which had been suspended at the outbreak of the war, were not revived.[1] Occasional attacks on the war cabinet system were made by individual members of the House of Commons,[2] but they were not supported by an organized Opposition, and the critics had no expectation that the system would be overthrown.[3]

The new House of Commons, chosen after the armistice, at the General Election of December, 1918, soon showed itself to be of more independent spirit than its predecessor. With the cessation of hostilities some reaction against executive autocracy has naturally to be looked for. Moreover, the supporters of Lloyd George in the new House, though more than twice as numerous as the Opposition groups, formed not a well disciplined party but a coalition lacking in permanent cohesiveness. In this circumstance lay the possibility of sudden realignments and political surprises. The results of a series of by-elections during the first half of 1919 showed marked falling off in the coalition vote, and were damaging to the Premier's prestige.[4] Early in July the Government suffered its first de-

[1] Fairlie, *op. cit.*, pp. 32, 42; Parl. Deb., fifth series, Commons, vol. 103: 131.

[2] *Ibid.*, vol. 103: 112 *et seq.*

[3] On October 25, 1917, the Government was defeated in a thin House on an amendment to a bill by a vote of 44 to 35, but it was understood that this was not to be taken as indicating want of confidence.

[4] At West Derby and East Swansea the Coalition won, but by majorities much less than in the General Election; at West Leyton, Central Hull, Central Aberdeen and Bothwell anti-Coalition candidates were elected.

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feat in the new House when it moved the rejection of a Labor franchise bill and was beaten by a vote of 100 to 85, the Labor members and Independent Liberals being joined by a sufficient number of Coalitionists to accomplish this result. The vote was taken lightly by ministers and was indeed far from meaning want of confidence, but it was none the less indicative of a spirit among the followers of the Government that could not safely be ignored.

Of greater significance was the growing criticism of the Government in Parliament and in the country. Resentment was freely expressed at the attempted continuance of war-time methods of government under peace conditions,—more specifically of the war cabinet and the lack of ministerial responsibility, of the habitual absence of ministers and especially the Prime Minister from their places in the House, of the increasing number of subordinate government officials in the House. Discontent reached its climax on October 23, when the House administered a stinging rebuke to the Government and regained at a stroke something of its former prestige. The Government was decisively beaten on an amendment to an Alien Restriction Bill by a vote of 185 to 113. Nor could the gravity of the defeat be denied or glossed over since the amendment had been in charge of Government whips. Perhaps the most significant fact about the vote was that the adverse majority consisted largely of Coalitionists. The division occurred on a Thursday, and an adjournment was at once taken over the week-end to enable the Government to determine what course it would pursue.

The effects of this parliamentary revolt were soon apparent. Following conferences between the Prime Minister and insurgent Coalitionists, the substance of the Government's amendment was accepted by the House. Far more important, however, was the announcement made on October 27 by Bonar Law that the Prime Minister had invited the following ministers to be members of his cabinet: A. J. Balfour (Lord President of the Council), Lord Birkenhead (Lord Chancellor), Austen Chamberlain (Chancellor of the Exchequer), G. N. Barnes (without portfolio), the Lord Lieutenant of Ireland or the

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Chief Secretary, Sir A. Geddes (President of the Board of Trade), Sir E. Geddes (Transport Minister), Dr. C. Addison (Minister of Health), E. Short (Home Secretary), Winston Churchill (Secretary for War and Air), E. S. Montagu (Secretary for India), R. Munro (Secretary for Scotland), Viscount Milner (Secretary for the Colonies), W. Long (First Lord of the Admiralty), Sir R. Horne (Minister of Labour), Bonar Law (Lord Privy Seal), Lord Curzon (Foreign Secretary), H. A. L. Fisher (President of the Board of Education). This announcement meant that the war cabinet system had come to an end. The British cabinet was again on a peace basis and again included the heads of the great departments of the government.

Commenting on the vote of October 23, which was the immediate cause of the fall of the war cabinet, *The Manchester Guardian* said editorially:

> The House seemed servile, ineffective, almost a corpse. Then suddenly something within it roused the old instinct of self-assertion, of independence. The Government seemed all-powerful. All at once it finds itself powerless and is seen almost to grovel. The occasion of these manifestations does not matter; it is the fact which matters. And the fact is that the House of Commons has begun to recover its own soul, to be a House of Commons and no longer a chattering and registering machine.[1]

In July, 1917, a subcommittee of the Reconstruction Committee was appointed, with Lord Haldane as its chairman, to inquire into the responsibilities of the administrative departments and "to advise in what manner the exercise and distribution by the Government of its functions should be improved." When the Ministry of Reconstruction was established this subcommittee was renamed the Machinery of Government Committee. Its very interesting report was presented in December, 1918.[2] Its inquiry was thus conducted while the war cabinet was in operation, and the report bears upon its face

[1] Weekly ed., Oct. 31, p. 302.

[2] [Cd. 9230].

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abundant evidence of the influence of the new system. Its recommendations, which should be taken into consideration by anyone who is interested in the future development of British government, have, therefore, a special interest for the student of the war cabinet.

Viewing the cabinet as "the mainspring of all the mechanism of Government", the report first enumerates its main functions, which it holds to be (1) "the final determination of the policy to be submitted to Parliament;" (2) "the supreme control of the national executive in accordance with the policy prescribed by Parliament;" (3) "the continuous co-ordination and delimitation of the activities of the several Departments of State." For the proper performance of these functions the report considers it desirable (1) that the cabinet should be small in number, with ten or at most twelve members; (2) that it should meet frequently; (3) that it should be supplied with all the information and material necessary to enable it to reach rapid decisions; (4) that it should consult personally all the ministers whose work is likely to be affected by its decisions; and (5) that it should have a systematic method of insuring that its decisions are effectively carried out by the several departments concerned.

The present post-war cabinet, with its twenty members, is materially larger than that which Lord Haldane's committee considered desirable. The other desiderata enumerated by the committee seem, however, to be attained or attainable with the present structure and procedure of the cabinet. It is scarcely probable that the old unbusinesslike and inefficient methods of transacting business will ever be restored. The employment of a secretariat, the keeping of minutes, the use of agenda papers, the attendance of outsiders at cabinet meetings—these innovations introduced by the war cabinet will, it may be expected, become normal characteristics of the cabinet system of the future.[1]

There remains for brief consideration the development of the

[1] An interesting prediction of the permanent influence of the war cabinet system was made by Lord Curzon; Parl. Deb., fifth series, Lords, vol. 30: 282.

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imperial war cabinet, perhaps the most significant political institution called into being in the British Empire by the stress of war. This body has held three series of meetings or plenary sessions, the first beginning on March 20, 1917, the second on June 11, 1918, and the third on November 20, 1918.

The first session was held in response to an invitation sent out by the Lloyd George Government in December, 1916, inviting the Dominion prime ministers "to attend a series of special and continuous meetings of the War Cabinet" in order to consider important questions of imperial war policy. "For the purpose of these meetings", the dispatch added, "your Prime Minister will be a member of the War Cabinet." The Viceroy of India was asked to send representatives to assist the Secretary of State for India in representing the views and needs of India. At this session, which consisted of fourteen meetings and lasted till May 2, 1917, all of the Dominions except Australia were represented, either by their prime ministers or by other ministers or by both. India was represented by the Secretary of State assisted by three "assessors" appointed by the Government of India, and the Colonial Secretary attended to speak on behalf of the crown colonies and protectorates. The oversea representatives met as equals with the members of the British war cabinet. In fact on these occasions the British cabinet was merged into a larger imperial cabinet. Before the session of 1917 came to an end Lloyd George formally proposed that similar sessions should be held in the future, annually and at intermediate times if necessary, and should be attended by the British prime minister and those of his colleagues who dealt with imperial affairs, the Dominion prime ministers and a representative to be appointed by the Government of India.

At the second plenary session, which opened in June and closed in August, 1918, the Dominions were represented as at the first session; the United Kingdom, by the Secretaries for Foreign Affairs, the Colonies, War and the Royal Air Force and the First Lord of the Admiralty, in addition to the members of the war cabinet; and India, by the Secretary of State, a member of the Executive Council of the Governor of Bengal, who attended not as an assistant to the Secretary of State but

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as a representative of the Government of India, and a representative of the native princes of India. At this session a resolution was adopted authorizing each Dominion prime minister, as a member of the imperial war cabinet, to name a colleague either as a resident or a visitor to London to represent him at meetings of the imperial war cabinet held between the plenary sessions. This action was taken in order to give continuity to the new imperial cabinet system and to make it possible to call meetings at any time. In October, 1918, it was stated in the House of Commons that several meetings had been held since the last plenary session.

Soon after the armistice a third plenary session was held, beginning on November 20, 1918. It was summoned to consider questions involved in the approaching peace settlement, and it made possible the effective participation of representatives of the Dominions and of the Government of India in the framing of the terms of peace.[1]

It has been said by those who hold that collective responsibility to a legislature is the essential characteristic of cabinet government that the imperial war cabinet is misnamed. Such responsibility as it recognizes is piecemeal and to several legislatures, not collective and to one. The theory seems to be that the British part is responsible to the British Parliament, the Canadian part to the Canadian Parliament and so on. A federal imperial parliament, to which an imperial cabinet might be responsible, seems to be scarcely within the range of possibility. "Ministers from six nations", said Sir Robert Borden in commenting on the session of the imperial war cabinet in 1917, "sit around the Council Board, all of them responsible to their respective Parliaments and to the peoples of the countries which they represent." According to Lloyd George, the

[1] For the imperial war cabinet see [Cd. 9005], pp. 5–9 and [Cmd. 325], pp. 7–11. Imperial war conferences were held in London concurrently with the first two sessions of the imperial war cabinet. They were presided over by the colonial secretary. Though attended by the oversea representatives who were sitting in the imperial war cabinet, they must not be confused with the latter. Like previous imperial conferences they were purely consultative bodies, having neither executive nor legislative authority.

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essence of the imperial cabinet is "that the responsible heads of the Governments of the Empire, with those Ministers who are specially entrusted with the conduct of Imperial Policy, should meet together at regular intervals to confer about foreign policy and matters connected therewith, and come to decisions in regard to them which, subject to the control of their own Parliaments, they will then severally execute."[1] Such a body, it must be admitted, does not square with the conventional theory of a cabinet. It would seem to be described more accurately as an intergovernmental council of a peculiarly intimate kind. It is extremely flexible, and it may be that it will afford the opportunity for such continuous consultation as may be found necessary in a reformed imperial commonwealth. Its future is bound up with the problem of imperial reconstruction.

It is possible that within the next hundred years government by Cabinet may undergo changes of substance as important as the changes since the time of Sir Robert Walpole; but it is worthy of remark that the living statesman of widest experience and highest authority in the working of our constitutional system, has declared that in his judgment the Cabinet as a great organ of government has now found its final shape, attributes, functions, and permanent ordering.[2]

The reader of this article will perhaps be surprised to learn that Gladstone, the statesman referred to in these words of Lord Morley, written more than thirty years ago, could have been so lacking in prescience with regard to the future of an institution with which he was so intimately acquainted. But prediction is always dangerous and doubly so when the prophet thinks in terms of "permanent ordering."

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[1] [Cd. 9005], pp. 7, 8.

[2] Morley, *Walpole*, p. 165.

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WAR BOOKS BY AMERICAN DIPLOMATISTS [1]

You Americans [Bethmann-Hollweg said to a correspondent of the Associated Press, August 30, 1917] are impetuous people. You do not seem to permit even your retiring diplomats to observe the traditional silences, nor have you the patience to abide the *post mortem* publication of their memoirs.[2]

The tradition which the chancellor invoked is an old one, and one that can never become entirely obsolete. No diplomacy, however "open," can be conducted without a tacit assumption that negotiations are confidential. Absence of publicity, as Dr. van Dyke says, "must always be a fundamental condition of frank and free conversation between governments as between gentlemen." Apprehension of premature publicity would not conduce to candor (pages 3-4).

A similar and perhaps stronger tradition exists as regards conversations between fellow-diplomatists, and this also is based upon their common interest in "frank conversation." "An ambassador," Mr. Gerard tells us, "must keep on intimate terms with his colleagues. It is often through them that he learns of important matters affecting his own country or others" (I, page 35).

In some instances, however, even in Europe, these traditions have

[1] My Four Years in Germany. By James W. Gerard. New York, George H. Doran Company, 1917.—448 pp. (cited as Gerard I).

Face to Face with Kaiserism. By James W. Gerard. New York, George H. Doran Company, 1918.—380 pp. (cited as Gerard II).

Impressions of the Kaiser. By David Jayne Hill. New York, Harper and Brothers, 1918.—368 pp.

Ten Years near the German Frontier. By Maurice Francis Egan. New York, George H. Doran Company, 1919.—xiii, 364 pp.

Fighting for Peace. By Henry van Dyke. New York, Charles Scribner's Sons, 1917.—247 pp.

A Journal from our Legation in Belgium. By Hugh Gibson. New York, Doubleday, Page and Company, 1917.—xii, 360 pp.

Belgium: A Personal Narrative. By Brand Whitlock. New York, D. Appleton and Company, 1919.—Two vols.: xi, 661; vi, 818 pp.

Ambassador Morgenthau's Story. By Henry Morgenthau. New York, Doubleday, Page and Company, 1918.—xv, 407 pp.

[2] Gerard II, pp. 307-308. These remarks were called forth by the publication in the United States by Mr. Gerard of a conversation with the German imperial chancellor in January, 1917. *Cf.* Gerard I, pp. 365-366.

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been disregarded. Sometimes the occasion has been the outbreak of war, sometimes the collapse of the government which the diplomatist represented or to which he was accredited. In 1916 Baron Beyens, who had been Belgian minister in Berlin, published a book on the origins of the war. In 1919 von Jagow and Bethmann-Hollweg published similar books.

With the authors of the books under review, the decisive reason for publication seems to have been their belief that a large number of their fellow-citizens needed information regarding the causes of the war, remote as well as immediate, and a clearer appreciation of the issues at stake. Mr. Morgenthau, in his preface, admits "scruples," and tells us that he laid them aside because of his belief that the American people, although

> convinced that the Germans deliberately planned the conquest of the world, . . . hesitate to convict on circumstantial evidence, and for this reason all eye-witnesses to this, the greatest crime in modern history, should volunteer their testimony.

Mr. Gerard, in the foreword to his first book, says: "It is only because I believe that our people should be informed that I have consented to write this book" (page xi). Dr. Hill, who justly claims, in his preface, that his book "has been written in a strictly judicial spirit," finds that he has described "the genesis of the greatest crime which history records."

The books, of course, are not all of one kind. Dr. van Dyke's volume is essentially and almost solely anti-German propaganda. Accredited as minister to The Netherlands in 1913, he witnessed, so to say from next door, the invasion of Belgium and the sufferings of the Belgian people. In September, 1916, he asked to be relieved from his post in order, as he tells us, to gain "full freedom to say what I thought and felt about the war" (page 199). This freedom, obtained in January, 1917, he promptly utilized for the publication of articles, some of which, before the close of the year, were collected and published in his *Fighting for Peace*.

Dr. Hill's book contains less and more than its title indicates. It contains more, because it is a careful and scholarly study of the national and international antecedents of the war. It contains less than its title suggests, because, although Dr. Hill was our ambassador at Berlin for three years (1908-1911), his interviews with the Emperor are recorded in a very few pages (pages 71, 97-102). For

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the most part his impressions are based on material accessible to every student, chiefly on the Emperor's acts and published utterances.

Neither Dr. Hill's book nor Dr. van Dyke's is a memoir. Neither of these ex-diplomatists tells much of his own mission, and neither can be charged with disregard of the "traditional silences."

On the other hand, the books published by Mr. Gerard, ambassador at Berlin from 1913 to 1917, Mr. Morgenthau, ambassador at Constantinople from 1913 to 1916, Mr. Whitlock, minister at Brussels from 1914 to 1917, Mr. Gibson, secretary of our legation at Brussels during the same period, and Mr. Egan, minister at Copenhagen from 1907 to 1917, may all be described as memoirs. These writers narrate more or less fully their diplomatic experiences, they give frank characterizations of prominent persons and they quote official and unofficial conversations. Much of the information which Mr. Gerard gives us, and even more of that given by Mr. Morgenthau, is drawn from such conversations. All our ex-diplomatists, however, maintain certain reticences. No conversational utterances which the person quoted would presumably dislike to see published are ascribed, so far as the reviewer has noted, to representatives of friendly states—states, that is, which were associated with us after we entered the war or which remained neutral. Even in citing German utterances Mr. Egan does not always give the speaker's name; and Mr. Gerard refrains from quoting remarks made to him by the Emperor when he was the Emperor's guest (I, pages 105-106). Mr. Gibson tells us, in his introduction, that "material of interest has been left out because it cannot be published at this time".

Mr. Egan's volume belongs more distinctly than the others to the class of books commonly described as memoirs. It is by no means altogether a war book. The author's chief task at Copenhagen was to carry through the purchase of the Danish Islands in the Caribbean, and he devotes several chapters to this matter. He tells us much about Denmark, its rulers and its people, and not a little about Norway and Sweden. He gives us his impressions and his ideas about matters unrelated either to the war or to his Danish mission. He tells many good stories and tells them very well. In reading him, one feels as if one were listening to clever, and often amusing, fireside or club talk. His book has the discursiveness, and occasionally the inexactness, of desultory conversation.

Mr. Whitlock's book also is something more than a war book. It is, as he calls it, a personal narrative. He tells us how he was affected not only by the war and by the sufferings of ravaged Bel-

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gium, but also by the song of a lark and by the persistence of wet weather. The weather and the Germans seem to be about the only things in Belgium that he did not like. He gives us charming pictures of Belgian life before the war and moving descriptions of the courageous spirit of the Belgians and their persistent sense of humor throughout the period of German occupation. His book is, in the main, a war book, because he had practically no diplomatic work to do except that thrown upon him by the war. His activities were substantially those of a representative of the Belgian people, unaccredited to but reluctantly tolerated by the German government of occupation. Direct relations with the Belgian government were, of course, cut off when that government moved to Havre. Mr. Whitlock's experience as a writer is always discernible; his material is carefully arranged and artistically, often charmingly, presented. The proofreading, however, leaves something to be desired. Names are frequently misspelled. For example, Helfferich, the German imperial vice-chancellor, appears throughout as "Hellfrisch" (I, pages 342-343; II, pages 422, 606); Stumm, a German diplomatist, as "Strum" (I, page 63); and superfluous letters are inserted in the name of Professor Nerincx, the energetic and resourceful *de facto* burgomaster of Louvain (I, page 177). In Mr. Gibson's journal also this name is misspelled (page 322); and here it is inaccurately stated that the real burgomaster had been "shipped away" by the Germans. In fact, this official was absent because of illness when the Germans occupied the city. This mistake, however, is quite pardonable; any Belgian not found in his usual place was naturally assumed to have been deported.

Mr. Gibson would probably protest against the inclusion of his book in a list of memoirs. It consists of extracts from his private journal, covering the last six months of the year 1914, supplemented by other extracts giving the story of Edith Cavell's execution in the autumn of 1915. This means that it is the sort of material on which the best memoirs are based; and it has the vividness which we often find in a sketch and miss in a finished picture. He tells us that his volume "does not set out to prove anything"; but this perhaps made it all the more effective as anti-German propaganda.

The volumes published by Messrs. Gerard and Morgenthau deal almost wholly with the war. The positions they occupied at two of the focal points of the European conflagration gave them unusual opportunities for studying the forces and tendencies that shaped events. Both are keen observers and men of sound common sense,

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and the use they made of their opportunities gives their books particular value. Mr. Morgenthau's book is of the greater importance because so little accurate information regarding events at Constantinople in 1914 and the following years is elsewhere accessible. The material he gives us is well arranged and is presented with exceptional skill and effectiveness. Of events in Germany we had much information at every stage of the war; and the disclosures of the past year, in published documents and exculpatory books and articles written by German military and civil leaders, already give us a clearer view of conflicting aims and personal rivalries in Berlin from 1914 to 1918 than we as yet have of similar undercurrents in Paris or in London during the same period. Nowhere, however, will the American reader get a better background, a more correct impression of the social and political organization of imperial Germany, in its main lines at least, than from Mr. Gerard's volumes. An alert and inquiring mind and an American capacity to get in touch with all sorts and conditions of men enabled him to come closer to the core of things than many writers of more pretentious treatises. His books are put together in a rather haphazard way; they contain unnecessary repetitions; they are carelessly written and appear to have undergone little if any revision—for example, we find "Sir Edward Grey" (instead of Sir Edward Goschen) walking the streets of Berlin on July 30, 1914 (I, page 132)—but they contain data that are of real value and give points of view that deserve serious consideration.

Five of these volumes are more or less profusely illustrated: Mr. Morgenthau's and Mr. Egan's with photographs of persons and of scenes, Mr. Gibson's and Mr. Gerard's with these and also with facsimiles of documents, war medals *etc.* Dr. Hill reprints, in appendices, a number of useful "illustrative documents." Mr. Whitlock's volumes are very fully documented. This of course greatly increases their value; but the insertion of all material of this sort in foot-notes, rather than in appendices, does not make the book more useful to students and will not recommend it to the average reader. In one place (II, pages 496-603) the documentation is so heavy that there are only thirty-seven lines of text scattered at intervals over one hundred and eight pages of foot-notes. It is not good book-making when, for example, part of a word is printed on page 497 and the rest on page 528.

The matters treated or touched upon in these books are so numerous and so various that it is possible to consider only a few topics and to

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try to indicate what information of importance or suggestions of value the writers give us. This may be the more useful, because of all these volumes only Dr. Hill's and Mr. Egan's are indexed.

The educational purpose of these books leads several of the writers to deal with the historical antecedents of the war. By reason probably of his long residence in Copenhagen, Mr. Egan finds the chief source of all later trouble in Europe in the forcible separation of Schleswig and Holstein from Denmark in 1864 (preface and chapter i). His sketch of the long conflict between German and Danish interests in these territories is, not unnaturally, colored by his Danish sympathies, and some of his statements are inaccurate; but he is on firm ground in insisting that substantial injustice was done to the Danes by the maintenance of Prussian rule in North Schleswig and by Prussia's persistent efforts to Germanize this district, and he is right in emphasizing the importance of the Prussian acquisition of Kiel, which was essential to the development of German sea-power.

Dr. Hill, whose sketch of the international antecedents of the war is the clearest and most accurate that has been offered to American readers within anything like the same limits of space, begins with the dismissal of Bismarck in 1890 and the assumption by William II of the direct control of German foreign policy. The character of the Emperor's personal diplomacy is most clearly shown in his now famous letters to the Czar. Some of these, which Dr. Hill utilizes, were published soon after the overthrow of the Russian imperial government, under the title, *The Willy-Nicky Correspondence* (page 54, note); others are now (January, 1920) appearing in the New York *Globe* and elsewhere. On one somewhat obscure point, the threat in 1905 of a German occupation of Denmark, it is interesting to compare the rumors reported by Mr. Egan (pages 73-75) with the evidence contained in the Emperor's letters (Hill, pages 79-80). If, as it appears, the Emperor decided not to make the threat, how did the English and Danish courts learn that a threat had been contemplated? It would seem that "Willy" placed too much trust in the devotion to himself and the jealousy of England which he thought he had implanted in "Nicky's" soul.

The difficulties in which the Emperor's ministers were occasionally involved through his personal diplomacy were drastically illustrated in 1908. His letter to Lord Tweedmouth early in the year and the interview which he permitted to be published in the London *Daily Telegraph* in the following autumn aroused in Germany a

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storm of criticism which Chancellor von Bülow found it hard to meet. This was the first year of Dr. Hill's official residence in Berlin, and he treats fully of these episodes (pages 106-107, 110-115) and gives in appendices the text of the interview and of the ensuing discussion in the Reichstag. After this, William's ministers were on the alert. Another interview given in the same year, "which was to appear in an early number of an American magazine," was suppressed;[1] and publication of the indiscreet cable message to President Wilson, August 10, 1914, after being authorized by the Emperor, was prevented by "a man holding a high position."[2]

Dr. Hill points out that whenever the Emperor aroused criticism in Germany by his acts or utterances, he endeavored to restore his prestige by appealing to militarist and expansionist sentiment. The word "encircled," which was to exercise so toxic an influence on the German mind, was launched by the Emperor in June, 1908, and in November of the same year he decorated Count Zeppelin for building an airship "capable of sailing long distances and carrying a heavy charge of explosives" (page 119).

> Since 1908 [Dr. Hill tells us] to those familiar with the military spirit which William II has developed among his people it has seemed probably that, at some well-chosen moment, . . . the Kaiser would surprise the world with a sudden declaration of war and an immediate attack upon one or more of his neighbors [page 181].

In 1911, German chagrin at the outcome of the Moroccan dispute raised the war spirit "to a fever heat," and it was possibly at this time that the Emperor decided on war. This seems to be Dr. Hill's opinion (pages 198-200); but the Emperor, he thinks, was unwilling to risk a European war without assurance of British neutrality. Concerning the negotiations of 1912 we had much official information when Dr. Hill wrote; since then fuller details have been published by Lord Haldane and von Jagow. Dr. van Dyke is inexact in stating that Germany attempted "to draw Great Britain into an offensive and defensive alliance" and that "London was willing to promise help to Berlin if attacked" (page 23). Under discussion

[1] Hill, p. 115. The magazine was *The Century*. The story of this interview and of its suppression was published by Mr. C. C. Buel in the New York *World*, December 26, 1917; *cf.* Egan, pages 170-171, 176.

[2] Gerard I, pp. 200-203. Facsimile of the message, *ibid.*, pp. 433-438. After it was published in August, 1917, its authenticity was denied in the German press; Gerard II, pp. 300-303.

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in 1912, as in July, 1914, was nothing more than assurance of British neutrality in case Germany should be involved in war.

In Prince Lichnowsky's account of his mission to London (1912-1914) he expresses surprise at his selection for this post and admits his inability to account for it. Dr. Hill offers an explanation.

> This highly honorable and chivalrous gentleman . . . was precisely the man to represent in good faith Germany's desire for a loyal *rapprochement* with Great Britain. Personally he desired it and firmly believed in its possibility. Knowing nothing of ulterior designs, he could no do otherwise than impress the British Government with the sincere friendliness which he personally felt . . . [page 218].

Mr. Egan quotes the Russian Baron Meyendorff as saying:

> The Austrian ambassador to London and Prince Lichnowsky are such honest men that the Prussians find it easy to deceive them into deceiving the English as to the designs of Germany [1] [page 294].

Mr. Gerard believes that it was the "Zabern affair" in 1913-1914—that is, the vehement reaction which this affair provoked against military arrogance and brutality, the vote of censure carried in the Reichstag by a majority of more than five to one and the defiant attitude of the Socialist deputies at the close of the session, May 20, 1914—that solidified military opinion "for a speedy war" and did much to win the Emperor's consent to war in the following July (I, pages 75-91, 103). This affair occurred at the beginning of Mr. Gerard's residence in Berlin, and he attended the debate in the Reichstag, of which he gives a graphic description. He notes, however, earlier evidences, in 1913, of preparation for war in the near future: the "supplementary defense tax," the increase in the number of German army corps and heavy purchases of gold by the German Imperial Bank (I, pages 98-100). The Zabern affair can at most have confirmed a purpose already formed.

In Austria also there was a conviction that war was necessary. Marquis Pallavicini, the Austrian ambassador in Constantinople, told Mr. Morgenthau that a European war had been regarded in Vienna

[1] This is the explanation previously hazarded by the reviewer, in his edition of the Lichnowsky Memorandum, International Conciliation Bulletin no. 127, June, 1918, pp. 8-9.

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as unavoidable since the end of the second Balkan war. Austria could not accept the peace of Bucharest as a final settlement.[1]

In a chapter on Austria-Hungary, Mr. Gerard gives us some facts, some generally accepted reports and much current gossip regarding Archduke Franz Ferdinand and the relations between him and Emperor William II (II, pages 204-211). That the Archduke's murder produced no general apprehension of immediate war all our diplomatists testify. No general alarm was felt before the publication of the Austrian ultimatum to Serbia.

Of the war council held at Potsdam, July 5, 1914, the loquacious German ambassador at Constantinople, Baron von Wangenheim, gave Mr. Morgenthau many details; and as regards the financial arrangements for war planned in that council Mr. Morgenthau assembles much evidence confirming von Wangenheim's statements (pages 82-87).

The negotiations which followed the Austrian ultimatum to Serbia have been so often and so exhaustively analyzed that neither Dr. Hill, who devotes to them a chapter (pages 251--295), nor Dr. van Dyke, who treats of them under the title "Germania Mendax" (pages 109-138), endeavors to do more than emphasize what seem to them the salient points.

The diplomatic struggle between the Central Empires and the Triple Entente, during the early years of the twentieth century, for the controlling influence in Turkey, the methods by which Germany obtained the support of the Young Turks and, shortly before the war, the virtual control of the Turkish military forces, and the coup d'état by which Turkey was forced into the war are clearly and vividly described in Mr. Morgenthau's first eleven chapters. He shows that, in this contest, Germany had great advantages over England. From the Turkish point of view, England had "robbed" Turkey of Egypt and had failed to protect it against further dismemberment after the Balkan wars. "For more than half a century Turkey had regarded England as her surest safeguard against Russian aggression, and now England had become Russia's virtual ally." Fear of Russia was "the factor which above everything else was forcing Turkey into the arms of Germany" (pages 26-27).

In a chapter headed "Bulgaria on the Auction Block" (pages

[1] Morgenthau, pp. 87-89. This statement is fully corroborated by Prince Lichnowsky in the section of his Memorandum that deals with the second Balkan war. See also Hill, p. 215.

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262-273) Mr. Morgenthau describes the way in which this country was finally drawn into alliance with the Central Empires. In the contest for Bulgarian support, the diplomacy of the Entente powers seems to have labored under disadvantages similar to those which, as the author tells us, handicapped the British ambassador in his efforts to secure the neutrality of the Turkish Empire:

> Sir Louis [Mallet] had not purchased Turkish officials with money, as had Wangenheim; he had not corrupted the Turkish press, trampled on every remaining vestige of international law, fraternized with a gang of political desperadoes, and conducted a ceaseless campaign of misrepresentations and lies against his enemy. The diplomatic game that had ended in England's defeat was one which English statesmen were not qualified to play [page 129].

Concerning German propaganda, both before and during the war, three of our diplomatists give us interesting data. Mr. Egan, of course, had especial opportunities for studying the counter-currents of foreign influence in the Scandinavian countries; and in chapters vi and vii he analyzes the situation in Denmark, where the German appeal was strong only in scientific and literary circles (pages 141-151); in Sweden, where fear of Russia and the tie of a common Lutheranism were utilized in the German interest, but where German sympathies were confined to "the aristocracy and the intellectuals" (page 133); and in Norway, where German propaganda, ineffective before the war, assumed during the war the form of intimidation by outrages (pages 136-137), the effect of which, as of similar proceedings against the United States, was of course to increase hostility to Germany. Mr. Gerard also writes of German influences in the Scandinavian countries and in Switzerland (II, chapters xvi, xvii). He makes the interesting statement that the policy of releasing and sending back to Russia prisoners of war with revolutionary tendencies was pursued by the German authorities as early as the summer of 1915 (I, page 413; II, pages 64-65, 225). Mr. Morgenthau describes German propaganda in Turkey before the war (pages 25-35, 96-104) and the subsequent organization and "inglorious end" of the "Holy War," which was to stir up against the Entente powers all the Moslems in three continents (pages 160-170).

Of German propaganda in the United States, Messrs. Egan and Gerard have much to say. Mr. Egan reminds us of the way in which religious hostility and race hatred were utilized by the Germans not only in Ireland but also among Irish-Americans (pages 178-179);

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and he tells us of "the Cahensly plan," formed some forty years ago, to keep Roman Catholic Germans from becoming Americanized, and of Archbishop Ireland's successful opposition to this propaganda (pages 166-170). Mr. Gerard alludes to Germany's long-continued efforts to win American sympathies, and cites the *Cologne Gazette* as expressing surprise that America should allow the export of munitions of war to the Entente Allies, after Roosevelt had been permitted to review German troops, and after the Emperor had invited American yachtsmen at Kiel to dine with him and "had even sat through the lectures given by American exchange professors" (I, pages 73-74). Mr. Egan illustrates the reliance which Germans placed on the perpetual allegiance of German-Americans to the Fatherland by utterances of Count Henckel-Donnersmarck (pages 59-60) and of "a Prussian Serene Highness" (page 102). Mr. Gerard encountered this belief constantly, throughout the war, when he tried to convince the German government that ruthless submarine warfare would bring the United States into the world conflict. Well known already, through our newspapers, even to those who have not read Mr. Gerard's books, is Zimmermann's assertion that "we have five hundred thousand German reservists in America who will rise in arms against your government, if your government should dare to take any action against Germany". Equally well known is our ambassador's reply, indicating the number of lamp-posts available in such a contingency (I, page 237). Mr. Morgenthau, returning to the United States by way of Berlin, early in 1916, found von Jagow as well as Zimmermann counting (or pretending to count) on the German-Americans to keep the United States out of the war (pages 400-401, 404).

Of that traditional diplomacy which aims to rule by dividing, by fostering among foreign states reciprocal jealousy and suspicion, Mr. Gerard gives us interesting examples.

> At the New Year's reception of 1914 . . . the Kaiser talked at length to me about what he called Japan's designs on the United States. He warned me that Mexico was full of Japanese spies and an army of Japanese colonels [II, page 14].
>
> During this winter [1913-1914] Germans, from the highest down, tried to impress me with the great danger which, they said, threatened America from Japan [I, page 32].
>
> [In February, 1916] I think, from underground rumors, that the Germans . . . will endeavor to embroil us with Japan. Baroness von Schroeder, a von Tirpitz spy, stated the other day that Japan would

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send a note to the United States of America making demands . . . in regard to the Japanese immigration question [II, page 88].

Of the corresponding propaganda in Japan and in Mexico (II, pages 270-271) we have fuller and more direct information than was accessible to Mr. Gerard; but of the belief held by all Germans, from the Emperor down, that our government and our people were eager to annex Mexico, he gives us first-hand evidence (II, pages 271-272). So also does Mr. Gibson (pages 277-278). Mr. Gerard tells us, also, that in 1915 Germany proposed to Great Britain a joint intervention in Mexico (II, pages 66, 114. As regards the date, *cf.* page 111). Unless there is an error in this date, such a proposal must have been made in connection with a secret effort to secure peace. Further information on this point is desirable. Possibly confirmatory is an intimation given to the reviewer, in January, 1917, by the British ambassador in Washington, that the Entente Allies could at any time make peace with Germany if they would give Germany a free hand in Latin America.

Of Germany's hostility to the Monroe Doctrine, of which both Mr. Egan and Mr. Gerard have much to say, further direct evidence is given by Mr. Egan, in remarks made by Count Henckel-Donnersmarck (page 85) and by "a Serene Highness" (page 102).

The underlying causes of the war, as well as an explanation of the manner in which it was precipitated and conducted by Germany, are sought by all our diplomatists, as they have been sought by many other writers, in the social and political organization of Prussia and of Germany, or in the "mentality" which shaped or was shaped by that organization. Dr. Hill gives us the fullest and most systematic study of the German organization; other writers, notably Mr. Gerard and Mr. Whitlock, give us illuminating data.

"In no country of Europe," says Dr. Hill, "has the feudal system continued to affect the social organization to the extent it has in Germany." Society is regarded "not as a coördination of equals but as a hierarchy of classes." "The traditions of feudalism . . . are in a certain sense intensified by what is most modern in social organization, the idea of a minute division of labor." In every field of activity, the conduct of the community is to be determined by experts. This idea, "logically carried out—and the German is apt to be logical— . . . would leave the field of government entirely in the hands of bureaucrats and administrative officers." The military

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organization of the German people, which "is, of necessity, a system of superimposed classes," increases and perpetuates the social stratification of the people (pages 145-152).

Mr. Gerard tells us something of each of these classes. In many parts of Germany, notably in the eastern provinces of Prussia, it is "an unusual thing . . . to find a peasant owning more than twenty or thirty acres of land." Accordingly the peasants "after working their own lands . . . have time left to work the lands of the adjoining landed proprietor at a very small wage." Much agricultural work is done by women. This, together with the low rate of wages, "tends to stupefy and brutalize the rural population and keeps them in a condition of subjection to the . . . Prussian system." In the manufacturing industries Mr. Gerard finds similar conditions. The workingmen have too long hours and too little pay. The cost of their food is increased by tariff duties, "imposed for the benefit of the Prussian Junkers and landowners." In Berlin, fifty-five per cent of the families are families living in one room. Mr. Gerard maintains, further, that the compulsory insurance laws, partly because the contributions collected from the workingmen leave little or no margin for savings and partly because the insured are loath to sacrifice accrued insurance, discourage immigration and bind the workingmen to their native soil "as effectively as the serfs of the middle ages were bound to their masters' estates" (I, pages 121-127, 269).

All persons engaged in commerce, in banking and in the organization and direction of industries constitute a single class. In spite of the extraordinary expansion of German industry and commerce during the last half-century, this class still stands, as in the middle ages, below the noble and military classes (I, pages 112-113).

Members of the learned professions and civil servants of the state are not treated by Mr. Gerard as classes, and rightly, for the social standing of such persons is primarily that of the class in which they were born, although it may be bettered by the bestowal of decorations and, in the case of those commoners who attain important political offices, by grant of nobility. "Lawyers and judges," Mr. Gerard tells us, "amount to little in Germany" (I, page 128). He might well have found room for a personal experience which he mentioned, after his return to this country, in an address delivered to the New York City Bar Association. In the early days of his official residence in Berlin, he was sometimes asked what was his position before he entered the American diplomatic service. Finding that his first reply, "a judge of the New York Supreme Court,"

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appeared to make a poor impression, he afterwards utilized his connection with the state militia and said that he was an officer "in the New York army." This explanation of his diplomatic appointment proved universally satisfactory.

The Jews may be said to have constituted a separate class in Germany, for, even after the removal of all legal disabilities, they continued to be regarded as socially inferior, and this in spite of the fact that so much of the achievement which the Germans claim, not only in the economic field but also in the sciences and the arts, is to be credited to the Jews (I, pages 137-138).

The highest class in Germany is that of the nobility and the military officers. This may be regarded, for practical purposes, as a single class, because, as Mr. Gerard points out, it is difficult for any but a noble to obtain a military commission. He might have added that here, even more than in the civil service, the attainment of high rank almost automatically ennobles. The controlling element in this class is the Prussian landed nobility, the *Junkertum*. Of the arrangements by which this class is kept "pure" and its permanence assured, Mr. Gerard's statements (I, pages 113, 120-124) are supplemented by Mr. Morgenthau, quoting Wangenheim (pages 5-6).

Of this entire social and economic system the reviewer is obliged to speak, as the writers speak, in the present tense. How largely it has already been modified we cannot yet determine. Of the political organization of Prussia and of Germany before and during the war, on the other hand, we may now speak in the past tense; for whether the present constitution shall endure or shall be replaced, as in the French Revolution, by a series of constitutions, the old political system can never be reestablished in its entirety.

In discussing the German imperial constitution, Dr. Hill shows, in his first chapter, how, behind a "façade of liberalism," Bismarck laid a solid basis for the development and maintenance of autocratic rule. He constructed for himself, as imperial chancellor, a position which enabled him to control the empire. To draw all this authority into the hands of the monarch, William II had only so to exercise his constitutional power of dismissing and appointing chancellors as to make himself virtually his own chancellor. Dr. Hill and Mr. Gerard are well aware, as they show in scattered passages, that the power of the German chancellor rested largely on the fact that he was usually at the same time Prussian minister, and that the power of the German emperor was even more largely based on the fact that, as king of Prussia, he was legally as well as actually supreme. Both

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these writers are well aware also that the position of the Prussian Junkers was secured from legislative attack by the Prussian electoral system. Neither of them, however, assembles these facts in such a way as to make clear to the reader how firm was the foundation of both autocracy and aristocracy in the German political system.

This system was protected not only against attack but also, to a certain extent, against criticism, partly by penalizing opposition, partly, and far more effectively, by developing and stimulating loyalty. As a lawyer, Mr. Gerard is especially interested in the matter of prosecutions for *lèse majesté,* and he summarizes several far-reaching decisions of the Imperial Supreme Court (I, pages 115-116; II, pages 51-54). Of the prosecution of Professor Quidde of Munich, for the publication of an article on Caligula—in which he nowhere drew but everywhere suggested a comparison between that emperor and William II — and of disciplinary measures taken or threatened against such loyal supporters of the Hohenzollerns as von Sybel, von Treitschke and Delbrück, Dr. Hill gives us a full and interesting account (pages 35-40). The extent to which the press was controlled is indicated both by Dr. Hill (pages 44-45) and by Mr. Gerard (I, pages 117-118). In stating that there was no "preventive" censorship imposed upon German newspapers even during the war, Mr. Gerard seems to have accepted official misinformation.[1] Far more important was the cultivation of loyalty to the system by pastors and schoolmasters. Not only the Evangelical church, but also, to a large extent, the Catholic church in Germany, as Mr. Egan regretfully concedes (pages 34, 158, 215-216) cooperated in this work. Equally effective, perhaps, and far subtler, was the stimulation of support and the discouragement of open criticism by an elaborate system of orders and titles. Dr. Hill (pages 42-43) and Mr. Gerard (I, pages 114-115, 118-119) both show clearly — the latter most amusingly—the operation of the "*Rat*" system. Fear of never becoming any sort of a "*Rat*" helped to tame the proprietors and editors of all but Social Democratic journals.

A social stratification so marked and so definite as that which was maintained in Germany creates a social atmosphere which Americans and other democratic peoples find unsympathetic and oppressive. It tends to breed servility to those above, arrogance to those below. When the natural human desire to assert one's personality is re-

[1] Military orders imposing such censorship (*Vorprüfung*) are to be found in Grumbach, Das annexionistische Deutschland, page 23.

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enforced by the desire to assert one's position in the social scale, it produces an effort for which the Germans alone have a thoroughly expressive word, to "*imponieren.*" Of one particular form of this effort Mr. Gerard gives a humorous description (II, page 119). In the address above cited, he ventured a definition, "to make the other fellow feel like a worm."

To this social system add an economic and political system in which human activity is controlled, even in minute details, from above and in which the average man is held to obedience without the exercise of discretion, and the instinctive reaction of an American is even more hostile. It is well expressed by Mr. Whitlock. In Belgium, he writes:

> We floundered in a morass of regulations that made life an intolerable burden. Much has been written of the cleanliness and order of German cities—I have written some of it myself; but I should rather live in a city as dirty as some I might name in certain parts of the Continent, governed by a machine as corrupt as some I have heard of on our own side of the Atlantic, . . . and have liberty as one does have it in them, than to dwell in one of those cities of Germany, clean and regulated to the last degree, of course, but . . . with the institutional odor of a penitentiary [I, pages 370-371].

Granting the efficiency of the system, Mr. Gerard also points out at what cost this advantage is attained (II, page 137). Some of our diplomatists raise the question whether the system is really efficient. Dr. Hill reminds us of its fundamental fault: that it is "accompanied by an almost complete loss of personal initiative" (page 152). Mr. Whitlock says that

> The vast, elephantine deliberation of German organization would drive an American captain of industry mad in a fortnight. It is heavy, cumbersome; its complicated machinery rumbles on and on remorselessly, and once set in motion, there is no way of stopping it, of turning it aside, of adapting it to sudden exigencies. It is blindly impersonal, inhuman, taking no account of persons or of the personal equation [I, page 440].

He supports his criticism with examples. He describes and explains the total failure of the German distributive agencies (*Zentralen*) in Belgium (II, pages 320-325). He also gives an amusing instance of the misconstruction of statistics by the German government in Belgium, but leaves it uncertain whether this was a case of self-deception or was an attempt to deceive (II, pages 294-295).

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The chief cause of inefficiency in the German government during the reign of William II was conflict of authorities. The Emperor had assumed, since 1890, personal direction of the affairs of the empire; but since no one man, had he ten times the ability of William II, could constantly direct the action of government in fields of administration so numerous and so diverse as are those of a great modern state, the ordinary conduct of affairs necessarily remained in the hands of his ministers, and the Emperor's restless activity was rather a disturbing than a regulating influence. It was the more disturbing because he was easily influenced by new points of view, forcibly or attractively presented, and hence, even in the field of foreign affairs which he regarded as especially his province, his policy lacked continuity of aim.

The most serious conflict, however, was between the political authorities and the Great General Staff. Because the Hohenzollern monarchy was essentially a military monarchy and because, as William II more than once declared, the army was the chief pillar of the realm, the influence that was concentrated in the General Staff could not but be great. It was the greater because this body normally included more personal talent and energy than could be found in any other organized group in Germany and much more than was to be found in the average Prussian cabinet or imperial chancellery. Its superiority in this respect is easily explicable. Because of the social prestige attaching to the military profession, a large proportion of the ablest, most energetic and most ambitious young men in Germany—certainly a far larger proportion than in any other European country—chose, if the choice were open to them, the career of the military officer. Because the General Staff constantly drew to itself, for temporary instruction, the young officers most highly recommended by their immediate commanders, its directors gained personal acquaintance with all the most promising officers in the army and were able, whenever a vacancy in the Staff was to be filled, to select the fittest candidate. The General Staff may accordingly be said, by the operation both of natural and of artificial selection, to have drawn into itself the cream of the cream of German talent.

Bismarck himself found it difficult to control the General Staff. After his dismissal its political influence steadily increased. "The one force in Germany," Mr. Gerard discovered, "which ultimately decides every great question, except the fate of its own head, is the Great General Staff" (II, pages 34-38). Mr. Whitlock came to the same conclusion (I, pages 220-221; II, pages 50-51).

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Before as well as during the war, in the propaganda conducted by Germany all over the world, there were accordingly three separate and often conflicting agencies. In the United States, for example, the Imperial Foreign Office, which should have controlled the whole German propaganda and which, if the Bismarckian traditions had been observed, would certainly have had sole control of efforts to influence American opinion through the press, worked through Count Bernstorff; but an independent propaganda was directed by the "political division" of the General Staff, through von Papen, the military attaché of the embassy; a third propaganda was conducted by Dr. Dernburg as personal representative of the Emperor; and both von Papen and Dernburg used the American press.

In speaking of the inefficiency of the German "information" or spy system, General Sir F. Maurice, in his *Last Four Months* (pages 65-67), remarks that the fault may have been either in the character of the reports sent to headquarters or in the way in which they were there interpreted. In his chapter on "The Errors of Efficient Germany" Mr. Gerard adopts the second explanation. He ascribes all the great mistakes of German diplomacy not to the lack of accurate knowledge of facts but to the interpretation placed upon the facts by the General Staff, which "failed to understand other nations, failed even to learn the lessons of history, . . . failed lamentably whenever the human element became the factor in the situation." In its proper field the German General Staff was superior to that of any other country. In the field of politics its judgments were inevitably warped by military points of view (II, pages 341-342). According to rumors current during the early months of the war and a statement which Mr. Gerard cites from "the head of one of the great banks of Germany," it was the General Staff which, at the last moment, forced the Emperor to precipitate the war (II, pages 174-175).

It goes without saying that neither the political nor the military authorities of the empire would have ventured to throw the German people into so serious a struggle without assurance that the people themselves would generally accept the war as desirable or at least as inevitable. The influences which had long been preparing the German mind for such an acceptance have been so exhaustively analyzed by so many writers that our diplomatists are able to add little that is new. Dr. Hill emphasizes the narrowly nationalistic trend of German philosophy and political theory and the glorification of war. Mr. Gerard believes that the principal exponents of these ideas

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but reflected the fashion of the day in thinking; they did not lead the nation's thought. . . . I never found a German of the ruling class who had read anything written by Treitschke, Nietzsche or Bernhardi.

He attributes much greater influence to the pan-Germanist literature and, in particular, to the writings of Tannenberg. "The great majority of Germans," he thinks, were infected with the "dangerous microbe of pan-Germanism and of world conquest" (II, pages 180-185). The significance of this annexationist propaganda is of course recognized by Dr. Hill (see especially pages 184-192) and by all our ex-diplomatists. Mr. Gerard contributes to an analysis of the movement by reminding us that the demand for western annexations came principally from the "great iron and steel companies," which wished to "rivet the chains of their industrial monopoly on the whole continent of Europe"; while the Junkers favored annexations in the East.

Especially do they eye greedily the Baltic provinces, where great estates are in the hands of landowners of German blood. What a reenforcement to the conservative cause would these Junkers of the Baltic be! [II, pages 186-187; *cf.* pages 328-332].

Given so many factors making for war—and there were others—Mr. Gerard's explanation that the cause of the war was "the king business" (II, page 21 and elsewhere) should probably be regarded as propaganda. History does not justify an assumption that democracies are essentially more peaceful than monarchic states. A democracy is indeed incapable of long preparation for an aggressive war to be waged at a favorable moment; it cannot maintain the necessary continuity of policy; but a democracy is more easily swept into war by a wave of popular emotion than is a strong monarchy.

If any one factor is to be regarded as more important, more fundamental, than all others in preparing the German mind for war, it is that emphasized by Dr. Hill.

The real evil is the mystical, non-moral Prussian conception of the state as an entity existing solely for its own aggrandizement, unrestrained either by moral or conventional obligations. So long as it is believed and taught that the state is power and can do no wrong, there can be no international security [page 324].

If, as Mr. Gerard says, the German writers who most clearly expressed these theories "reflected the fashion of the day in thinking"

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—and there is much evidence that they reflected the thought of at least a generation—their utterances are all the more significant.

Dr. Hill sees in democracy no guaranty of international peace. Democracy indeed

> brings public action to the test of public conscience. But if that is debased by the belief that in its outward relations the state is above all law and is bound by no duties, then a democracy affords no safeguard of peace or of justice. It merely exchanges the selfishness of the mass for the egotism of a monarch, and substitutes for the vagaries of a single autocrat the craving, the violence and the irresponsibility of a multitude [*ibid*].

The theory that no national interest, however slight, is to be subordinated to any world interest, however great, is, as we see at the present time, widely accepted in our own country and strongly supported by many of our political leaders.

We do not look to memoirs of diplomatists for information regarding military or naval campaigns. Mr. Gibson, however, saw more of the war in Belgium, in its early stages, than any of our war correspondents. He repeatedly crossed the fighting lines, in August and September, 1914, in journeys between Brussels and Antwerp (pages 126-149, 200-230). In Mr. Morgenthau's book three chapters (pages 184-231) deal with the attempt of the British-French fleet to force the Dardanelles in March, 1915. Accompanying, by invitation, a body of Turkish officials, he saw the fortifications of the straits two days before the principal and final attack. He cites Turkish and German diplomatic, military and naval authorities to show that all, except Enver Pasha, believed that the enemy fleet could force the straits, and that, at the moment when the attempt was abandoned, a single further effort would have been successful. He believes that the the straits, once forced, could have been held open by the Allies without landing troops, because he is confident that a revolution against the Young Turks would have taken place in Constantinople and that the new leaders would have made peace.

In the conduct of the war by the Turks Mr. Morgenthau finds evidence of German efforts to educate their confederates in scientific ruthlessness. When the Allies made their second attack upon the Dardanelles and landed troops on the Gallipoli peninsula, the Turks

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declared that the enemy fleet was bombarding unfortified places[1] and decided to remove from Constantinople three thousand British and French residents—most of them Levantines—and to place them on the peninsula as "hostages," that is, as fire-screens. By persistent bargaining, our ambassador succeeded in reducing the number of hostages to fifty and their stay on the peninsula to a week (chapter xix). In the deportations of Turkey's Greek subjects in Asia Minor (pages 49-50, 323-325) and in the later and vaster deportations of Armenians, Mr. Morgenthau again sees German suggestion. In their long previous history, the Turks had frequently massacred but had never deported Christian peoples (pages 365 *et seq.*).

To Armenia and the Armenians, and to his own unsuccessful efforts to arrest the persecution of this unhappy people, Mr. Morgenthau devotes nearly one-fourth of his volume (pages 287-382). For this black page of history his book must always be an important source of information. He shows that the Germans not only refused to interfere, even at the instance of their own missionaries, but also defended the action of the Turkish government (pages 364 *et seq.*).

In studying the German invasion of Belgium and the prompt application of the military policy of terrorism, the government of Belgium during the years of German occupation and the deportation of Belgian civilians, the future historian will have abundant material. We have already numerous Belgian reports and the report of the Bryce commission. Much weight, however, will justly be attached to the statements of observers, who were at least officially neutral, as were our diplomatists, and whose character enhances the value of their evidence. Above all, these books, particularly Mr. Whitlock's, convey impressions not communicable through official reports: they enable the reader to visualize the situation in Belgium, to breathe the atmosphere of the German occupation and to appreciate the passive heroism of the Belgian people.

Dr. van Dyke saw, in Holland, the flood of Belgian refugees, driven from their ruined homes, and heard something of their experiences (pages 78-80). In order to ascertain whether, after civil government had been at least nominally established in the greater

[1] *Cf.* Mr. Whitlock's remark on "the German official lie". This, he observed—and he gives examples—"was an infallible sign that some new deviltry was brewing; whenever they announced in horror or surprise that the English or the French had performed some ugly and unheard-of deed, it meant that they were about to perpetrate that deed themselves" (II, page 240).

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part of Belgium, these refugees could be repatriated, he visited many of the ravaged towns and villages (pages 95-101). Mr. Gibson gives us data similarly obtained, from visits to the scenes of wholesale massacres and destruction and from the stories of eye-witnesses (pages 150-151, 322-329). He made his way into Louvain while the shooting, looting and burning were still unchecked and while it was still possible to obtain, on the spot, from German officers and soldiers an unrevised explanation of their conduct (pages 155-172).

For the effective execution of the policy of terrorism the military authorities were able to rely, as Mr. Whitlock tells us, on the cruelty that is begotten of fear.

> For forty years German writers had been preaching the duty of waging war not only on armies but on civil populations as well, and the German mind was saturated with the notion that in France the civil population was composed of *francs-tireurs*. Not only the military writers but the German romanticists had filled their books with the idea. . . .
>
> The result was that when the German soldiers entered Belgium they were in such a highly excited state, in a condition of such fear, that they saw a *franc-tireur* in every peasant, in every peaceful civilian; the lightest sound, the crackling of a twig, the slamming of a door, brought the cry "*Man hat geschossen!*" and the stampede and carnage began [I, pages 222-223].

Belgian friends have informed the reviewer that not only German private soldiers but also German officers came into Belgium convinced that all the wells were poisoned, and mistrustful of the wine supplied them in the houses in which they were quartered.

Upon our legation at Brussels, charged as it was with the protection of British civilians, fell the duty of trying to save Edith Cavell. Because at that time Mr. Whitlock was ill, the negotiations with the German authorities were conducted by Mr. Gibson and the Belgian legal adviser of the legation, M. de Leval. Their efforts were warmly supported by the Spanish minister, Marquis Villalobar. He indeed, by reason of age and rank, led rather than seconded the effort to persuade the Germans that mercy would be the better policy. Mr. Gibson tells the story briefly, with extracts from his journal (pages 344-360). Mr. Whitlock weaves Mr. Gibson's testimony together with that of M. de Leval and of the Spanish minister into a fuller narrative, reinforced by documents (II, pages 81-164). He gives us other illustrations of what the Germans "called, it would seem with

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accurate nomenclature, 'extraordinary justice'" (I, pages 462-469; II, pages 387-388). Of especial interest to lawyers is his account of the efforts of the Belgian bar, under the leadership of its courageous *bâtonnier,* Léon Théodor, to secure the observance of article 43 of the Hague Convention, which declares that an occupying power is to respect, so far as possible, the laws in force in the occupied territory (I, chapters lxii-lxiv). Of legal interest, again, is the question of national status raised in the case of men born of German parents in Belgium, who on reaching full age had exercised the right given them by Belgian law to elect Belgian citizenship (II, pages 338-342).

To the German effort to utilize the long-standing friction between the Flemings and the Walloons, to protect the "Teutonic" element in Belgium from "Gallicization" by founding a purely Flemish university at Ghent, and to establish an autonomous Flanders—which of course was eventually to become a part of Germany—Mr. Whitlock devotes several chapters (II, pages 236-249, 436-448, 754-778).

How Belgium was robbed, first of its financial resources, then of its means of production and finally of its labor power, is a well-known story. Here again, however, Mr. Whitlock gives us data not elsewhere easily accessible. He tells us, for example, how the German authorities repeatedly violated their express promise that, after the first levy, no more contributions were to be demanded of the city of Brussels (I, pages 565-570). Of the deportation of Belgian civilians he gives us not only a full and clear account but also episodic details that enable us to see the whole process and to feel all its cold-blooded barbarism. He shows how Belgian industry, necessarily crippled by the war, was completely paralyzed by German governmental action; how, finding it impossible to make the Belgians do German war work in Belgium, the Germans stripped the workshops of their machinery and tools; how then, under the pretext that the idleness for which Germany was responsible was demoralizing the Belgian workingmen, these were sent off in droves, where their tools had already gone—to Germany. To this story Mr. Whitlock devotes a full fourth of his second volume (beginning at page 422); and it is here that his narrative is most fully supported by documentary evidence.

On this matter Mr. Gerard, acting under instructions from Washington, made representations to the German Foreign Office. He also endeavored, but was not permitted, to investigate the treatment of the Belgian workingmen. Of the German deportations in eastern France he saw something, and said something to Bethmann-Hollweg.

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In this matter as in many other matters, the German Foreign Office confessed its inability to control the military authorities (I, pages 333-335, 351-352; II, 98, 122).

About war conditions in Germany itself Mr. Gerard gives us much information. Of especial interest is his study of German trade before and during the war, of combinations for buying and selling, and of German war finance (I, pages 262-265). Of war economies, of price regulation and of food control he tells us something, but less than we should like to know (I, pages 406-412).

The meticulous care with which the government strove to keep the war spirit unimpaired among civilians is illustrated by the fact that maimed soldiers were kept out of the cities. In Berlin, at least, Mr. Gerard never saw a German soldier who had lost an arm or a leg (II, page 258). He elsewhere speaks of the governmental control of the press during the war and of the suppression of unfavorable news (I, pages 117-118). Mr. Morgenthau illustrates the German military psychology in this matter. Von der Goltz and Wangenheim were astounded, he tells us, by England's frankness in publishing a complete list of ships lost in the Dardanelles fight. They found this so "*ausserordentlich*" and "*unerhört*" that they finally concluded that the English, not really wishing to capture Constantinople for Russia, published their losses in order to convince Russia that they had done their best and that success was impossible (pages 229-230).

It is one of the little ironies of history that, in the year before the outbreak of the great war, Dr. van Dyke went to The Hague to make arrangements for the assembling of the third International Peace Conference at the earliest possible date, and that Mr. Gerard took up his duties at Berlin with instructions to persuade the German authorities to sign a Bryan peace treaty. Five years earlier, Dr. Hill was sent to Berlin to further the policy of our government "to accomplish if possible by separate negotiations what it had failed to achieve at The Hague." In this matter Dr. Hill and Mr. Gerard were equally unsuccessful, and Dr. van Dyke found all his efforts thwarted because Germany took no interest in the matter. The attitude of Germany in 1913-1914 was the same it had taken at the first Hague Conference, in 1899, where Dr. Andrew D. White found the German delegates hostile "to any well-developed plan" of arbitration, and at the second Hague Conference in 1907, where Dr. Hill and Mr. Choate found the first German delegate, Baron Marschall von Bieberstein, as Mr. Choate said in his presence, "an ardent ad-

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mirer of the abstract principle of arbitration, . . . but when it comes to putting this idea into concrete form . . . our most formidable adversary." Mr. Gerard, "after many efforts and long interviews," finally learned from von Jagow why Germany would sign no arbitration treaties; and the reason given was the same that Count Münster gave Dr. White fourteen years earlier: that Germany could mobilize its forces more rapidly than any other power and that postponement of hostilities would deprive it of the advantage of "readiness for a sudden and overpowering attack." [1] It was on this ground, it will be remembered, that von Jagow subsequently sought to justify Germany's action in precipitating hostilities.

An important connecting link between the efforts made before the war to promote international peace and the organization after the war of a league to maintain peace is given us by Dr. van Dyke. In November, 1914, when it was necessary for him to make a short visit to the United States, he was received in London by Sir Edward Grey and was entrusted with a personal, unofficial message to Washington. The presence and influence of America in the council of peace after the war, Sir Edward said, would be most welcome, if America would stand for the restoration of all that Germany had seized in Belgium and in France, and if America would

> enter and support, by force if necessary, a league of nations pledged to resist and punish any war begun without previous submission of the cause to international investigation and judgment [pages 241-242].

The outbreak of the European war threw upon all our European embassies and legations, first of all, the onerous and pressing duty of aiding in the repatriation of our stranded fellow-citizens. Except for volunteer assistance, prompt discharge of this duty would have been impossible. Regarding this matter our diplomatists give us interesting details, including not a few humorous episodes.[2]

At the same time, in consequence of the fact that our embassies in Berlin and in Constantinople had taken over the representation of the interests of one or more of the Entente states, and our legation in Brussels had assumed not only this responsibility but also the protection of German and of Austrian interests, our diplomatists had to

[1] Hill, pp. 84-94, 102-103, 327-329; Gerard, I, pp. 60-61; van Dyke, pp. 5-7, 25-26, 28-29.

[2] Gerard, I, pp. 143-154; van Dyke, pp. 63-76, 81; Whitlock, I, pp. 72-77; Gibson, pp. 4-8, 24-25, 31-32, 41, 52, 59-60.

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arrange for the departure of such enemy civilians as were not interned. In Germany all enemies were interned except those connected with the diplomatic service or the foreign press. When Japan entered the war, the few Japanese still in Germany were similarly interned, but Mr. Gerard was able to secure their release and to arrange for their departure. In Turkey, where the Germans urged their allies to adopt the policy of interning civilians, Mr. Morgenthau succeeded, with no little difficulty, in getting off two train-loads of non-official enemy residents. In Belgium, none of the thousands of German residents and travelers were interned, not even those of military age. The government not only permitted but even facilitated their departure. In striking contrast to the manifestations, in Berlin for example, of German hate directed against enemy civilians, particularly against the English, the conduct of the Belgian people was most generous. When the tidings of German outrages in eastern Belgium reached Brussels, there were some anti-German manifestations, but these were repressed by the Belgians themselves. The crowds of German refugees waiting for trains to Holland were supplied by charitable Belgians with chocolate, hot milk for the babies and other comforts.[1]

Later, our embassy in Berlin was charged with the duty of protecting interned civilians and war prisoners in Germany. In order to control conditions in German prisons and prison camps, Mr. Gerard secured the right of visit and inspection. Since at the same time the representation of German interests in France and in Russia had been placed in the hands of our ambassadors in these countries, our embassies became clearing-houses for complaints and reports based on investigations. Their services in this matter were particularly valuable, because alleged ill-treatment of prisoners repeatedly evoked reprisals or threats of reprisal. On all these matters, and especially on conditions in German prison camps, Mr. Gerard gives us much information. Material contained in his journal (II, pages 57, 58, 69, 75, 79, 105, 107, 108, 123) is utilized, supplemented and presented in orderly form in two chapters, "Prisoners of War" and "Work for the Germans" (I, pages 157-197, 286-290). As the representative of British interests he was able to intervene in the case of Captain Fryatt, but with as little success as attended the intervention of our legation in Brussels in behalf of Edith Cavell. Here again, Mr.

[1] Gerard, I, pp. 138-141, 155-157; Morgenthau, pp. 130-146; Whitlock, I, pp. 76, 81-85, 86-88; Gibson, pp. 22-24, 27, 29, 33-42, 46-47, 51-52.

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Gerard tells us, the Foreign Office was overridden by the military authorities. The indignation aroused, not only in the outside world, but "even in certain circles in Germany," by Captain Fryatt's execution resulted, Mr. Gerard says, in the arrest of proceedings based on similar charges against another British sea-captain (I, pages 192-194).

As the authorized representative of Entente interests in Turkey, Mr. Morgenthau was able, as we have seen, to intervene successfully for the protection of a large body of Levantines (pages 232-252). He was able also to protect a French sisterhood (pages 147-156) and to help British residents and prisoners of war (pages 253-261). He had of course as little title to interfere between the Turkish government and its Greek or Armenian subjects as had our representatives at Brussels to interfere in behalf of the temporary subjects of the Kaiser in Belgium. In such cases the only line of direct attack was an appeal to the interest of Turkey itself, to the advantage which it would derive from showing itself to be a civilized state. In the case of the Greeks and the Armenians this argument was fruitless; but it had its effect when it was urged in the interest of enemy civilians. It had more effect on the Turks than on the Germans, possibly because the Turks were less firmly convinced of the superiority of their own culture. Nor were they averse to being regarded as more civilized than the Germans. In one of his conversations with Enver Pasha, Mr. Morgenthau urged him to be "modern." Enver replied: "No! However Turkey shall wage war, at least we shall not be modern. That is the most barbaric system of all. We shall simply try to be decent" (page 132). An indirect line of attack by which Mr. Morgenthau occasionally carried a point was by appealing to the Turkish sense of humor (pages 22-23, 254-256, 329-331). In one instance, he tells us, a timely jest saved seven Armenian lives (page 353).[1]

For American relief work in Europe our embassies and legations had to obtain recognition and secure facilities. Mr. Gerard tells us something of the services of the American Red Cross and of the Young Men's Christian Association in Germany and in Russia (I, pages 291-296, 300-302) and of the Rockefeller Foundation in Po-

[1] Ambassador Gerard's jokes, according to our minister in Copenhagen, did not appeal to the German sense of humor but were regarded as "parables," of which they sought the hidden meaning. The German reaction to one of Mr. Gerard's stories, as narrated by Mr. Egan (pp. 173-175), is a contribution to the study of the German mentality.

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land (I, pages 297-300). Relief work in Belgium and in the occupied districts of France was largely organized by our diplomatic representatives, and its conduct involved continual negotiations with the German civil and military authorities on the one hand and with the British and French governments on the other. In Belgium the work was started and the first funds were raised by the Belgians themselves, and the distribution of food to households and individuals remained, throughout the German occupation, in the hands of local committees, under the supervision and control of a national committee. The solicitation of funds in other countries and the purchase and shipment of food and its safe carriage to the Belgian communes devolved upon the American Commission for the Relief of Belgium, organized and directed by Mr. Hoover. In the work of this Commission, at one time or another, more than one hundred and seventy persons participated, of whom more than one hundred and thirty served in Belgium or in France. Almost all these were Americans, and four out of five were college or university men, the first in the field coming from among the American Rhodes scholars at Oxford. Of their ability and devotion both Mr. Whitlock and Mr. Gibson speak in the highest terms, but perhaps the most appreciative comment is that which Mr. Whitlock quotes from Marquis Villalobar, who, when our country entered the war and new relief workers had to be secured, said that gentlemen could be found elsewhere, and business men as well, "but the gentlemen are not always business men and the business men are not always gentlemen" (II, page 787).

In theory, Germany was bound to feed Belgium. In the earliest discussions, Mr. Whitlock says, "someone would lift his eyes hopefully and exclaim: 'But the Hague Convention!'"; and he had to remind them that "the Belgians could not eat Hague conventions" (I, page 342). Mr. Gibson indicates the German point of view by quoting General von Lüttwitz:

> The allies are at liberty to feed the Belgians. If they don't, they are responsible for anything that may happen. If there are bread riots, the natural thing would be for us to drive the whole civil population into some restricted area . . . build a barbed-wire fence around them and leave them to starve, in accordance with the policy of their allies [page 272].

About the Belgian relief work Mr. Gerard and Dr. van Dyke have something to say, and Mr. Gibson's journal contains interesting

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details, but only for the year 1914. Mr. Whitlock gives so much space to the organization and work of the Belgian and Armenian commissions that his book and Dr. Vernon Kellogg's are the chief sources of information on this subject.[1]

In all their humanitarian activities, in the work done by the American embassy in Berlin for interned civilians and prisoners of war, in the efforts of our Brussels legation and of the American Relief Commission to mitigate the sufferings of war and to save the Belgians and the French from starvation, our representatives were embarrassed and discouraged by the fact that arrangements made with the German civil authorities were often repudiated or evaded by the military officers. They were annoyed by the all-pervading espionage, and they were oppressed by the atmosphere of suspicion and hatred in which they lived and worked. There was suspicion from the outset of activities which on their face seemed altruistic; Mr. Hoover himself was asked by a German captain, as Mr. Whitlock tells us: "What do you Americans get out of this?" (I, page 540). There was hatred from the moment when the Germans learned that the Entente powers were placing contracts in the United States for munitions of war. Of this hatred Mr. Egan and Mr. Morgenthau met occasional explosions when they talked with Germans; our diplomatists and relief workers in Germany, in Belgium and in the occupied districts of France had to face it all the time. The agents of the Relief Commission had also to deal with Germans who lacked even the formal politeness of the upper classes; they had to witness brutality and outrages; and they had to repress, as far as possible, any display of anger or of indignation lest they should imperil the continuance of their activities. Mr. Gerard wrote in his journal, in July, 1916: "Everyone in this embassy is getting to the breaking point. Nerves do not last forever"; and in the following month: "One of my attachés has broken down completely, cries when spoken to; . . . and I wonder how long the rest of us can hold out" (II, pages 105, 116). Mr. Whitlock's health more than once gave way under the greater strain of the Belgian environment. As to the relief workers, he writes, in March, 1916:

[1] *Cf.* Gerard, I, pp. 296-297; van Dyke, pp. 101-104; Gibson, preface and pp. 181-183, 243-244, 249, 260-261, 272-273, 300-304, 308-309, 318, 322-323, 340-341; Whitlock, I, pp. 239-240, 297-300, 340-351, 358-369, 398-416, 537-552, 571-582, 646-661; II, pp. 76-80, 187, 195, 200-201, 229-235, 250-254, 374-380, 382-384, 706-735, 785-807, 814-818 (list of members of the Commission, their academic connections and periods of service).

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Of the one hundred and fifty men who have thus far entered the Commission's service in Belgium, two were in asylums for the insane and thirty were suffering from nervous breakdown [II, page 234].

And in the autumn of the same year, when the deportations were in progress:

The delegates of the Commission for the Relief of Belgium . . . came back sick with horror and full of rage at the medieval barbarities they had witnessed, so much so that after what he saw Mr. Tuck resigned from the Commission, left Belgium and entered the British army [II, page 628].

Mr. Tuck's reaction was not that of a man confronted for the first time with the horrors of war; he had worked in Belgium and in France for more than a year (*ibid.*, page 818).

The essentially diplomatic activities of our representatives in Europe, from August, 1914, to February, 1917, consisted, first, in transmitting to the Entente Allies, through Washington, German overtures for peace. During the German attack on Liège the German Foreign Office asked Mr. Gerard to transmit to the Belgian government a proposal for peace and indemnity. The German message was sent to our legation in Holland and thence to our legation at Brussels. It was informally communicated but not presented to the Belgian Foreign Office. It was eventually presented by the Netherlands minister for foreign affairs, and the Belgian reply, rejecting the proposal, was sent to Berlin through the same channel.[1] Before the end of 1914 the German government made tentative overtures for a general peace through our embassy in Constantinople. Mr. Morgenthau, at the request of Baron Wangenheim, transmitted Germany's "case"—there seem to have been no definite proposals—to Washington in January, 1915. Our government declined to take any action (pages 175-183). In the winter of 1915-1916, Enver Pasha, acting apparently on the instigation of General Falkenhayn, repeatedly asked Mr. Morgenthau to intercede with President Wilson to end the war. On these overtures Mr. Morgenthau, who was about to visit the United States, reported to the President personally (pages 386-390). Of the cross movements for peace emanating from Berlin and from Washington in December, 1916, and in January, 1917, Mr. Gerard tells us something, but nothing that was not generally known (I, pages 352-355, 365-373).

[1] For this episode, *cf.* Gerard, I, pp. 60-61; van Dyke, pp. 164-165; Gibson, pp. 44-48; Whitlock, I, pp. 89-93.

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Of the differences between Germany and the United States which eventually led to war, of German protests against the export of munitions from America and attempts to induce us to answer the British blockade by placing an embargo upon such exports, and of the protracted negotiations over submarine warfare, our ambassador at Berlin of course has much to say; and on the submarine issue in particular his books will always be a valuable source of information.[1] Neither he nor our other diplomatists criticize the President's efforts to keep the peace, but, between the lines at least, indications of impatience are discernible. After the sinking of the *Lusitania* both Mr. Gerard (I, page 236; II, page 44) and Mr. Whitlock (I, page 618) packed their trunks. After the sinking of the *Sussex* Mr. Gerard notes and describes as "quite clever" a German cartoon

representing the celebration, in a German port, of the arrival of the one-hundredth note from America, when the mayor of the town and the military, flower girls, singing societies and the *Turnverein* were drawn up in welcoming array [I, pages 258-259].

Throughout the war the conduct of our foreign relations presented some of the anomalies noted above in the conduct of German diplomacy. There was of course no disturbing military influence, as in Germany; but President Wilson was as distinctly his own secretary of state as William II was his own foreign minister; and it is a little difficult to say whether Colonel House, of whom we catch frequent glimpses in Mr. Gerard's books (I, pages 68, 221, 244, 259; II, page 81), was only a super-ambassador or the real under-secretary of state. There was also play at cross purposes in Secretary Bryan's assurances to the Austrian ambassador that the first *Lusitania* note was not to be taken too seriously. The existence of Dr. Dumba's telegram to the German Foreign Office communicating this news, was discovered, Mr. Gerard tells us, "in a manner which savors almost of diplomacy as represented on the stage" (I, pages 231-232). That we got on as well as we did was probably due partly to the individual ability of our foreign representatives, partly to Colonel House's good judgment and tact, and largely to the American capacity for team-work.

Diplomatic memoirs have always been of special value to the historian by enabling him to appreciate the character of individuals who have shaped events. In these books there is a gallery of histor-

[1] Gerard, I, pp. 222-253, 256-258, 339-343, 356-361, 363-364, 369-375; II, pp. 43-48, 73-74, 82-84, 87-93, 100-104, 108-110, 114-115, 119-127-128.

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ical portraits, and some of them are vivid and convincing. On the enigmatical personality of the last of the Hohenzollern emperors both Dr. Hill and Mr. Gerard throw some light.[1] Their estimates of his ability differ widely from those now freely expressed by many of his former subjects. When a man of his unquestionable mental alertness and versatility is seen in the center of the political stage, playing the rôle of the autocrat with the dramatic ability which even his most hostile critics recognize, the extent to which his acts are self-determined, his decisions really his own, is almost necessarily overestimated. On the other hand, when such a man is stripped of his trappings and slinks ineffectively and almost furtively from the scene, it is natural that he should be undervalued. Dr. Hill presents him as the central figure, if not the chief factor, in the history of his reign.[2] Mr. Gerard finds that his correspondence with the last of the Romanoffs reveals "surpassing craft" (II, page 26). Every concession, however, into which the Emperor wheedled or drove the Czar, was nullified as soon as the latter fell again under the influence of his ministers. Was it much of a task to shape a will so pliable? Was it intelligent to expend so much effort in shaping a will that was certain to be re-shaped by the next contact with other minds?

Baron Beyens, who himself knew the Emperor in the plenitude of his power, has recently cited, as illustrative of the present German view of the fallen monarch, the following description, which he had from a Berlin banker:

L'Empereur, nature faible, caractère versatile et influençable, grossissait sa voix dans ses discours publics pour donner le change sur la mobilité de ses impressions et l'inconsistance de sa volonté.[3]

Qualify this judgment by assuming that the intrinsic weakness of the Emperor and his susceptibility to the influence of others were characteristics which, however real, were not consciously recognized by him, and that his big talk was not intended to conceal them—that we have here an instinctive reaction of the subconscious ego—and the analysis, if not complete, perhaps comes fairly near the truth.

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[1] Hill, pages 63-89, 97, 102, 140-143, 154-157, 173-181, 319-325; Gerard I, pages 22, 199-200, 339-343; II, pages 13-31.

[2] See, however, preface and pp. 323-325.

[3] Revue des Deux Mondes, November 1, 1919.

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THE ECONOMICS OF THE SOCIAL UPLIFT [1]

THE problems of an industrial community are problems of the production and distribution of wealth. This is eminently true of western civilization, whose peoples, under the rule of machine technology, have achieved a degree of specialization and integration in industry hitherto unknown. In a narrower sense the conflict between labor and capital, which is perhaps a less prosaic way of referring to the modern industrial problem, has called forth the best efforts and the most careful attention of statesmen and economists.

Industrial Goodwill, written by an eminent economist, makes a new approach to the human problem in industry. The author is an outstanding figure among students of the labor problem, and what he has to say on the relation between labor and capital in industry carries the weight of unusual authority and is therefore entitled to serious attention.

Economists and men of affairs have held different theories as to the elements which determine the wages of labor. The simplest and perhaps the most popular is the market theory that the supply of and the demand for labor determine wages. According to *Industrial Goodwill,* this is the merchant's view of the situation. Latterly, the theory has come to prevail that wages depend on the productivity of labor: "Each laborer is a machine — its value determined by the quantity of its product" (page 14). As a faithful disciple of the classical school of economics, the author thinks there is some truth both in the market and in the machine theory of wages. For a complete explanation of wages, however, a third factor must be considered — the psychological factor of the laborer's goodwill. "Goodwill is productive, not in the sense that it is the scientific economizing of the individual's capacities, but because it enlists his whole soul and all his energies in the thing he is

[1] Industrial Goodwill. By John R. Commons. New York, McGraw-Hill Book Company, 1919.—213 pp.

Creative Impulse in Industry. By Helen Marot. New York, E. P. Dutton and Company, 1917.—xxii, 146 pp.

Instincts in Industry. By Ordway Tead. New York, Houghton Mifflin Company, 1918.—xv, 222 pp.

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doing" (page 20). Presumably, the correct theory of wages must consist in a synthesis of the market, the machine and the goodwill theory of wages. In case of an emergency appeal may be had to a fourth factor—the public utility theory of labor (page 27). What follows in the succeeding pages of the book is an interesting itinerary of platitudinous peregrinations in the fields of "Democracy", "Solidarity", "Loyalty" *etc., etc.* The ostensible object of these excursions in homiletics is to indicate the manner in which goodwill in industry may be developed to the end that goodwill among men may prevail.

Among the several essays, the chapter on "Democracy" is perhaps typical of the author's bias, which is perceptible in the entire book. The reader is informed that there have been two theories of democracy current at one time and another. One is the anarchistic theory as exemplified by the French Revolution, the other, the socialistic theory as illustrated by the more recent revolution in Russia. According to the author, both the anarchistic and the socialistic theories of democracy fall short of the ideal, mainly because both theories are founded upon a denial of the immutable fact of class struggle and hatred (page 38). In his view, the inherent depravity of human nature is an incontrovertible fact, and no social organization can hope to endure unless it is conscious of this certainty. The author regards the operation of the Food Administration during the war (page 39) and presumably the exploits of the Fuel Administration as better examples of true democracy which threatens neither "the employer's property" nor "the laborer's patriotism" (page 44). At the same time it is also pointed out that the best security of true democracy consists in further organization of labor, which, in the face of "national peril", was encouraged "both by the President and the ex-President" quite contrary to "their earlier opinions as professor and judge".

It will be somewhat difficult to reconcile a conception of society whose foundation is assumed to be a recognition of class hatred and rivalry with another conception of society of which the basis may be inferred from the following: "Employer and employee are engaged in a common enterprise. They jointly assume the risks and share the burdens and benefits of the enterprise" (page 51). "The employer who has not yet accepted the theory of solidarity has a wrong attitude toward the law" (page 52). "The solidarity of capital and labor becomes the prosperity of capital, of labor, and the nation" (page 61). These sentiments are calculated to promote

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goodwill in industry, but apparently the author has overreached himself, and, presumably fearing lest an undue adherence to these principles of "solidarity" lead to an untoward violation of the sanctity of private property, he hastens to interpose the following caution: "But this argument of solidarity, like the argument of individualism, cannot be carried too far. . . . Carried to the extreme it is socialism" (page 102).

Such are the hopes and fears which usually inspire or disturb the serenity of the common run of economists. The difficulty is caused by a confusion of points of view in current discussions dealing with the production and distribution of wealth. Production is primarily a technological problem and is conceived of in terms of the factors of production, such as land, labor, capital. As a technological problem production may be viewed objectively and with little or no bias. The problem of distribution, on the other hand, is concerned with incomes and is referred to in terms of the institutional bric-a-brac of wages, interest, rent *etc.*[1] These items, like all institutional factors, are the outcome of custom, usage and habituation, and are therefore amenable to a considerable bias in any discussion which may involve a doubt as to their authenticity. As a result of the failure to distinguish the functional character of labor and capital from their institutional character as sources of income, economists by training and tradition have often been more occupied with ethical sermons than with scientific research. They have been more interested in justifying the ways of God to man than in understanding the wonders He performs. That is to say, the problems of production and distribution are viewed in terms of individual incomes rather than in terms of the functional bearings of the factors of production with reference to the community engaged in a collective enterprise. In economic discussions industrial facts have been subordinated to business custom and usage.

The conclusion is unavoidable that without a harmonious cooperation ("solidarity") among the various factors of production, viewed as functional categories, the economic life of modern civilized communities becomes rather precarious, as current events in this country and in Europe testify. The usefulness (productivity) of land, labor

[1] It is to be noted that wages, rent, interest and other distributive shares appear as costs of production. In so far as this is true, what may be said of them in their bearing on problems of distribution would hold equally in any discussion dealing specifically with problems of production.

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and capital, employed jointly, is a palpable fact, subject to quantitative measurements and comprehensible in terms of cause and effect. The specific title (right) of any single individual to a specific income, on the other hand, is a matter of imputation. That is to say, the serviceability to the community of land, labor and capital is a matter of observation. The authenticity of rent, wages and interest is a matter of inference. But while the distributive shares may logically be inferred from the joint productivity of the respective factors, the question of the individuals or groups who may come in as beneficiaries of the joint enterprise is largely a question of arbitrary rule which under the stress of circumstances is institutionalized or codified and comes to be regarded as a standard of conduct for the community. So, for instance, it happens that in spite of the functional (technological) futility of the institution of ownership in the scheme of modern industry, the legal device of the right of private property, which may have had at one time a more secure ground on which to stand, is interposed to divert a considerable part of the community's product to groups and individuals whose contribution to the productive enterprise in which the community is engaged is of doubtful validity under the test of technological necessity, and whose right, therefore, to a distributive share can be sustained only by appeal to irrelevant considerations.

In the meantime, progress in the arts of industry has imposed upon modern industrial communities an increasing use of mechanical appliances, whether in times of war or in intervals of peace. That is to say, the fact is being forced upon the attention of the worker that the processes of industry and consequently the problems of production and distribution are technological rather than institutional in character. It is therefore becoming more and more difficult, as the necessity is becoming more and more urgent, for economists and moralists at large to convince the common run of workers that the problems of production and distribution can be solved in terms of institutional rights and privileges. In the face of a technological necessity such as a large portion of the civilized world is experiencing today, the institutional paraphernalia of wages, rent and profit appear to be irrelevant factors in the situation which serve only to retard the wheels of industry at a time when the need for *industrial* activity is greatest and that for *business* manipulation least. Under these circumstances, when technological necessity and institutional rights are running at cross purposes, to the untold suffering and misery of vast communities, it does not promise well for the future

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of economic science, nor does it speak great praise for the courage of economists, to avoid the issue by offering to a hungry world crying for bread the precious stones of "Democracy", "Loyalty", "Personality" and "Education".

A good part of what passes current as economic science is founded on the theory that men are endowed with an inherent and inalienable love of indolence. The fallacy of this dictum was exposed by Thorstein Veblen in an essay written many years ago and more recently in his book, *The Instinct of Workmanship*.

The introductory chapter of *The Creative Impulse in Industry* is in the form of an indictment of the modern industrial system in so far as, in the author's view, large factories and their extensive use of mechanical devices have led to extreme specialization and have thereby dulled or thwarted the *creative impulse* of the laborer. It is pointed out in the succeeding chapter that the American method in industry is to substitute the mercenary, grasping and gain-getting motives of the captain of industry for the non-pecuniary, disinterested and workmanlike motive with which men are by nature endowed. By way of comparison, the German industrial method is analyzed in another chapter. The author indicates that in Germany also the creative impulse in industry is defeated but in a different manner—by making the expansion and the enrichment of the political state the chief motive in industrial enterprise.

What is more interesting but less convincing than the author's quite summary analysis of the American and German methods in industry is the concluding chapter of the book, in which she offers a program calculated to rehabilitate the creative impulse in industry. This is to be accomplished by means of educational industry which involves the conscientious pursuit of a more or less itemized course of study. Educational industry is to be distinguished from industrial education in that the emphasis in the former is to be placed on education rather than on industry. The individual, whether actually employed or in the process of training for employment in a particular industry, is to be made thoroughly familiar not only with his particular part in the industry but also with the interrelations and interdependence of all the processes involved in making the finished product (page 112).

Avowedly, success and achievement are not to be measured by the accepted standards of business efficiency or pecuniary competency (page 133). Nevertheless, it has been made clear (pages 115-116)

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that the model shop would succeed better if it were to engage in the production of merchantable articles. So that, after all, the goal in educational industry is the same as in industrial education — ever onward and upward (page 118).

> "Not enjoyment and not sorrow
> Is our destined end and way,
> But to live that each tomorrow
> Finds us farther than today."

This great American business principle of acceleration finds quite as much free play in a system of educational industry as it does in the present system of industrial education.

The chief reason for the atrophy of the creative impulse in industry is not so much the fact of machine technology nor yet over-specialization in industry but rather over-standardization and over-organization. A careful survey of the educational program offered seems, however, to indicate that, whatever else may have been its intention, in its operation it is likely to result in more organization and a further standardization of industry. Apparently the enemy that has been thrust out of the window has found its way in again through the back door.

Even if the reader were to take a generous view of the author's proposal whereby the creative impulse is to be reclaimed, the fact still remains that the author's emphasis is misplaced. It may be doubted whether or not the particular infirmity of the worker, "the contamination of the instinct of workmanship", in the words of Veblen, can be corrected through educational discipline. The revival of the creative impulse is more likely to come about through the gradual or sudden decay of pecuniary standards in industry. The final disposition of these standards in modern civilization is less likely to be achieved by persuasion or systematic instruction than through the force of circumstances — a matter which is largely if not wholly independent of human plans and predilections.

Some two years ago the late Carleton Parker read a paper on instincts in industry before the American Economic Association. It appears from its preface (page xiv) that *Instincts in Industry* is an elaboration of Mr. Parker's essay. There is perhaps some discrepancy in the actual number of instincts accounted for in the earlier essay and in the present study, but since there is no general agreement among psychologists as to the precise number of instincts

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with which human beings are endowed, this discrepancy is not of vital importance to the study.

Classical economic theory and much of the current economic thought proceed on Bentham's utilitarian calculus, whose foundation is the simple psychology of the associationist school. The criticism which has successfully been urged against the hedonic calculus together with its implications is that it assumes the deciding motive in human behavior to be a nicely balanced *rationale* of pleasure and pain. Later investigations and studies in psychology, especially the work of William James, have to a large extent discredited this simple view of human conduct. The reaction which has set in as a consequence has resulted in a more or less arbitrary classification of so-called instincts and impulses which are presumed to determine the activities of the individual. Some studies in social psychology (for example, McDougal, *Social Psychology*) have done more than to tabulate the instincts. They have in a measure succeeded in analyzing and tracing them. Others, such as *Instincts in Industry,* have been content to make use of a classification found ready to hand without attempting a scientific analysis or inquiry into these so-called instincts as applicable to human relations. Consequently, studies of this nature often give the impression of an amateurish and ill-advised adventure.

Consider, for instance, the case of a leper colony (page 1), whose inmates refused to perform manual labor in exchange for some gratuities received, and who resumed work on the promise of payment of wages. The author offers this anecdote as "a true story of the instinct in industry" (page 2), the inference being that work for wages is instinctive. Again, as an illustration of the parental instinct, the common case is cited of workmen who, during periods of strike, walk out much against their conviction regarding the justice of the strike (page 19). Such gratuitous inferences as these must under the circumstances be viewed in the spirit of Christian charity rather than in that of scientific criticism. Even such an elemental instinct as that of sex seems to be entirely misapprehended, as appears from the following illustration: "Men will stand in line waiting for 'my waitress'" (page 37). To be sure, but more of them will stand in line waiting for "my barber". The institution of private property is ascribed to the sense (instinct) of ownership (page 68). Clearly, ownership or the right of private property is a matter of institutions, ultimately a matter of habituation. Otherwise one may be forced to the conclusion that Providence in His inscrutable wisdom

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has denied the instinct of ownership to many of the primitive and less civilized tribes. Equally beside the point is the explanation of the reluctance of some workmen to transfer from one forge to another on the ground of the instinct of possession (page 69). It seems never to have occurred to the author of *Instincts in Industry* that a great deal of what may appear as recalcitrancy on the part of workmen results from the effort to disturb their habitual mode of life and activity.

It would serve no good purpose to proceed further with a critical analysis of the instincts here listed. The entire decalogue of instincts offers an unusual object lesson in confident asseveration and harmless intellectual pleasantry. Under ordinary circumstances an adventure into a field so unfrequented as instincts in industry might be regarded as an act of unusual courage and laudable ambition. But when undertaken by one so ill equipped for the task and so serenely indifferent to the seriousness of the problems involved as the author of *Instincts in Industry* appears to be, it can scarcely be regarded as anything short of foolhardy. The work is characteristic of the youthful exuberance of a social uplifter rather than of the patient and painstaking efforts of mature scholarship.

Entirely aside from the intrinsic value of these books, they are instructive as symptoms of a general social and industrial condition. Resort to such extraneous and quite irrelevant measures as exhortations to goodwill in industrial relations and evangelical campaigns to carry the gospel of education to the workers implies the failure or inadequacy of so-called economic laws to regulate business and industry. The good old remedies of higher wages and higher profits do not seem to stimulate production as they have been supposed to do. The control and management of private enterprise have reached a point which transcends the traditional methods of governmental regulation. Consequently any novel or hastily improvised scheme for meeting the situation appears alluring, not because it does in fact solve present industrial difficulties, but mainly because it avoids the issues. This is the path of least resistance.

The working classes, chiefly those who work with their hands, under the strain and stress of constant industrial struggle, need the exhilarating stimulus of mysticism to excite their imagination, to divert their mind, to gratify their yearning, which is never keener than when the laborers are engaged upon an industrial struggle which calls for extraordinary wisdom and endurance. In earlier

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times religious mysticism normally satisfied the craving of the dispossessed classes for comfort and peace. The Methodist movement of the eighteenth century was calculated to fire the imagination of the victims of the English enclosures with visions of the beatific life to come. Modern machine industry has to a great degree brought about a disillusionment with respect to such contemplation as compensation for the ills and privations of earthly life. The present-day search for truth has displaced the faith of earlier times. Witness, for instance, the ardor and enthusiasm with which labor colleges, workers' universities and corporation schools are being established in many industrial centers in this country. The working-class slogan is "ye shall know the truth and the truth shall make you free." But truth without courage is sounding brass, and faith without works is a tinkling cymbal. Economists and educators find it an easier task to offer anæsthetics to a diseased social organization than to cure the ills from which it suffers. Goodwill in industry, industrial psychology, labor education, employment management and all the rest of the inventory of social nostrums are as anodynes to an ailing body.

A social crisis implies usually a discrepancy between the material facts upon which the community depends for its existence and the myths which they have outgrown. In order that the life of the community may continue, it is essential that an adaptation and readjustment of the myths (habits of thought) to the material facts (ways and means of livelihood) shall take place. Habits of thought are spiritual factors, which are often expressed in certain conventions and customs. Adaptations and adjustments in the economic life of the community usually mean a revision or discontinuance of many of the established institutions, which in turn implies an abrupt disturbance in the habitual life of the community. Whether or not such a disturbance is to take place peacefully and with a minimum of suffering is a matter which cannot be foreseen and depends largely on the degree of the tenacity with which the community clings to its cherished traditions.

Under these circumstances an appeal to the emotions of individuals in the community which articulates with the existing institutions is received by them with greater eagerness than an appeal to the reasoning faculty which is not in consonance with the current habits of thought and which therefore enjoins a break with the past. This state of mind on the part of large numbers in the community accounts to a considerable degree for the unusual popularity of

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social uplifters, reformers, philanthropists, evangelists *etc.*, all of whom in course of time become adepts in the legerdemain which changes conditions without altering them.

In the course of human events peoples have been obliged under the stress of circumstances to submit to changes and modifications in their manner of life and in their ways of thinking. In successive periods of human history institutional rights and privileges, often involving mastery of one group over another, have served their purpose and given way to new rights and privileges. The present-day confusion and consternation throughout large sections of civilized nations as well as the excitement among economists and social uplifters is due to the fact that the forces which abolished feudal lordship and princely rule by divine right seem to threaten the last stronghold of privilege—the right of individuals to the exclusive use and abuse of the means and materials on which the life of the community depends.

LEON ARDZROONI.

THE NEW SCHOOL FOR SOCIAL RESEARCH.

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REVIEWS

The Life of Theodore Roosevelt. By WILLIAM DRAPER LEWIS. Philadelphia, The John C. Winston Company, 1919.—xxiv, 472 pp.

Theodore Roosevelt: An Intimate Biography. By WILLIAM ROSCOE THAYER. Boston, Houghton Mifflin Company, 1919.—xiii, 454 pp.

Impressions of Theodore Roosevelt. By LAWRENCE F. ABBOTT. New York, Doubleday, Page and Company, 1919.—xvii, 315 pp.

When Theodore Roosevelt is reached, the American historian becomes a biographer, and the teacher a psychic analyst instead of a plodding annalist. It is astonishing how the personality of this perennially conspicuous man, inspired leader for some, arch-demagogue for others, dominates every field of public activity in his age—politics, labor, diplomacy, conservation, reform. Wherever he was, others present, whether two friends or ten thousand fellow-countrymen, became his setting. He was the one figure, Joseph's sheaf. Even in a cabinet which Lord Bryce declared the strongest and ablest group of Americans he had ever known, Roosevelt's command was as inevitable as the domination of any arbitrary president who has surrounded himself with mere "secretaries" of this or that. "Others abide our question"—he compels our answer. So it has seemed of tremendous importance to our historians and our people to understand Theodore Roosevelt if we would understand our history during the last score of years. A fair biography of President McKinley, whose administration cannot be said to have covered unimportant phases of our development, was given to the public more than a decade after his death. Materials are now being collected for a biography of Grover Cleveland, whose "Presidential Problems", in his second term at least, were problems of prime importance. But men could not wait till Theodore Roosevelt had retired from office before they began to interpret him (Leupp, Morgan, Riis); nor can they wait for the compilation of Joseph B. Bishop's "authorized" biography now that the great leader has gone. The year following his death has seen, besides innumerable estimates and appreciations in periodical literature, touching all sides of his multifarious activities, the

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publication of three more or less substantial biographies of Theodore Roosevelt.

The most valuable of these works is the biography by William Draper Lewis, former Dean of the Law School of the University of Pennsylvania, an intimate friend of Roosevelt's and a prominent figure in the Progressive movement. To say that Dean Lewis's biography is conventional does not mean that it has those qualities which we often associate with conventionality, namely dullness and mediocrity, but only that it proceeds in chronological sequence to deal with the whole career of Roosevelt, distributing the interest evenly through all parts. It is so complete that one wonders what Mr. Bishop will have to add to it; and, especially in the early chapters, the reader often feels that, in view of the thoroughness with which Roosevelt himself treated his childhood, youth and first political adventure in his *Autobiography,* there is some needless repetition. When we come to the chapters on the Progressive movement, however, we are charmed by the sympathetic portrayal of a faithful companion. Dean Lewis was the chairman of the Committee on Platform of both the national Progressive conventions (1912, 1916), and was Progressive candidate for Governor of Pennsylvania in 1914. He, with Gifford Pinchot, was summoned from Chicago to Oyster Bay in June, 1916, to hear the reasons for "the great renunciation" from Roosevelt's own lips. The whole story of the Progressive movement is presented in Dean Lewis's pages in masterly and definitive fashion, enlivened by a wealth of personal anecdote.

One of the most satisfactory passages of the book describes clearly, for the first time, the true meaning of the famous doctrine of "the recall of judicial decisions", advocated by Roosevelt in his speech before the Ohio Constitutional Convention at Columbus in the spring of 1912, and the explanation is doubly valuable as coming from a leader in the Progressive movement and a high authority on constitutional law. When, however, Dean Lewis maintains (page 343) that if Roosevelt's position on this point had not been misunderstood "it is most probable that he would have been nominated at Chicago (1912) and that the whole course of the recent history of the United States would have been other than it has been", we cannot agree with him. The Taft-Root steam-roller at Chicago would hardly have been stalled by any single stone of judicial doctrine. It was not because the reform program was not well enough understood that Roosevelt failed to get the Republican nomination, but because his delegates were rejected. No amount of refinement of definition would have

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won the reserves of the patronage which the Administration had ready to throw into the battle.

There are other places where Dean Lewis rather confidently makes statements which seem to us like the drawing of a "long bow". He says that in executive ability "no other President can compare with [Roosevelt] except Washington" (page 249); that if the Democratic party had not clung to states' rights, Roosevelt, on graduating from college, "would have become a Democrat, if not at once, then certainly in 1884 on the nomination of Blaine" (page 320); that had Roosevelt lived, "there would have been a unanimous demand for his nomination" in 1920 (page 431); that had he made the "mistake" of becoming a Mugwump in 1884, "the kind of service which he was capable of rendering would have been narrowed" (page 67). Perhaps these judgments are true, perhaps not. Certainly the only recognition Roosevelt received from Blaine for supporting him in 1884 was Blaine's veto on Harrison's willingness to give him an office in the State Department five years later. We doubt if the taint of Mugwumpism would have kept Roosevelt out of the "consolatory" position of Civil Service Commissioner. In describing the famous conference on the anthracite coal strike of October 3, 1902, at the White House, Dean Lewis says, "both sides were obdurate" (page 200). This statement seems hardly fair in view of Mr. Mitchell's frank and immediate offer of conciliation and President Roosevelt's own testimony to the "insulting" conduct of the operators, notably Mr. Baer. The author is careful in his statements of fact, slipping only rarely into an error, as when he makes Colonel Ingersoll nominate Blaine in the famous "plumed knight" speech in the convention of 1884 (page 66) and speaks of Roosevelt as being "reappointed" to the Civil Service Commission by Cleveland (page 95). He also implies that we were to receive the Panama strip in perpetuity from Colombia by the Hay-Herran Treaty (page 220) and speaks of our "purchase of the State of California" in 1848 (page 214). Coeur de'Alène (page 284) is a typographical error.

Ex-President Taft contributes a preface to Dean Lewis's book, in which he praises Roosevelt's policies with characteristic generosity, commending especially his stand on the Panama question and the Hepburn rate bill and regretting that the direction of our government in the crisis of the World War was not in the hands of the man who "would have selected, without regard to party or political embarrassment, the men whom he regarded as best adapted to

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do the work in the various departments", and who would have had no "fear that some subordinate of his would rob him of credit as a leader." No names are mentioned!

Mr. Thayer's "intimate" biography of Roosevelt is a book of quite different sort. The author, though a life-long friend of Roosevelt's, was not bound to him by close political sympathy. He deplored Roosevelt's decision "at the first political crossroads" to support Blaine, after he was, as he himself confessed, "sickened" by Blaine's nomination. "I felt as the Abolitionists did after Webster's Seventh of March speech", says Thayer, adding that he belonged to those "independents" for whom party was a secondary consideration, and who, if their party went in a wrong direction, left it as unconcernedly as they would leave a train going in the wrong direction (page 53). Nor did he sympathize with Roosevelt's own break with his party in 1912. He tells (page 351 *et seq.*) how he spent five hours arguing with Roosevelt at Judge Grant's house in Boston in the evening of February 25, 1912, trying to dissuade the ex-president from accepting the leadership of the Progressive forces, on the ground that the triumph of the Progressive principles would mean the destruction of representative government and the substitution therefor of the monetary whims of the populace. Mr. Thayer did not support Roosevelt, nor did he ever (at least before 1912) vote for a Republican presidential candidate, according to his own statement (page 351). What drew Mr. Thayer into the lists as the enthusiastic champion of Roosevelt was the stand taken by the latter in the crisis of the closing years of his life. It is Roosevelt the unsparing, hard-hitting critic of Woodrow Wilson, and Roosevelt the ardent apostle of national military preparedness whom Thayer celebrates.

The book is vivacious, sustained and confident in style. One feels the author's combativeness on every page. But it is somewhat vitiated by that reckless animosity against the Kaiser and Mr. Wilson which characterizes Mr. Thayer's later writings. Had it not been for Wilson's pusillanimity, "the war would have been over by the summer of 1916" (page 412), "Russia would have been spared revolution, chaos, Bolshevism" (page 413), and all the losses in men, all the devastation of territory, all the waste of incalculable treasure would have been averted. "History will hold him [Wilson] accountable for those millions of lives sacrificed, for the unspeakable sufferings which the people of the ravaged regions had to endure, for the dissolution of Russia," and so on through dithyrambic

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pages which we cannot help feeling are the *raison d'être* of the book. One is almost asked to believe that the Council of the Allies is barking up the wrong tree in seeking the criminal in Holland and not in Washington. Next to Roosevelt as a critic of Wilson, Thayer is interested in Roosevelt as the vanquisher of the Kaiser (chapter xiv). Of course, it is only fair to the author to say that he does not profess to write a complete biography of Theodore Roosevelt, but "purposely" to bring out what he believes to be "the most significant parts of Roosevelt's character and public life" (page x). Was the combative element, on which Thayer dwells so persistently, really, however, the "significant part" of Roosevelt's character; and should an "intimate biography" of over 450 pages dismiss the constructive works of conservation, reform and national security with the statement, "As for the great political acts of his official career, Time has forestalled eulogy" (page x).

Mr. Thayer has too often been careless in his historical facts and allusions. It was not "the good old political freebooter Andrew Jackson" who invented the dictum, "To the victors belong the spoils" (page 86). Cleveland did not, according to the judgment of Curtis at least, "give invaluable help" to the cause of civil service reform in his first administration but rather "betrayed" the cause (page 89). Cleveland did not "reappoint" Roosevelt to the Civil Service Commission "in 1892" (page 96). He simply did not replace him in 1893. "The gold against the silver standard" was not "again the issue" in the campaign of 1900, "although the Spanish War had injected Imperialism into the Republican platform" (page 150). The gold standard act had been passed in March, 1900, and Bryan had great difficulty in getting the silver issue recognized at all. Moreover, it was into the Democratic convention at Kansas City that the imperialism (or rather the anti-imperialism) was "injected", with the huge banners displaying the sentiments: "The flag of a Republic forever—of an Empire never"; "Lincoln abolished slavery—McKinley restored it." The Republicans stood pat in 1900 and won. It was not "the demand for representation that caused the American colonies to break away from England" (page 159). "Taxation without representation" was an evil which the colonists sought to remedy not by the grant of representation but by the exemption from taxation. The "old régime" can hardly be applied to the Bourbon restoration in France (page 161). It is ridiculous to call the Germany of 1914 "the most rigid of Absolute Despotisms" (page 165). McKinley's protectionism did not, "like cheese",

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grow "stronger with age" (page 170). In 1890 he resisted the introduction of reciprocity features into his tariff bill, in spite of Blaine's famous plea; but his speech at the Pan-American Exposition in Buffalo on the day before his assassination was a cordial endorsement of the principle of reciprocity. There was no separate Department of Commerce until ten years after the creation of the Department of Commerce and Labor in Roosevelt's term (page 308). The Payne-Aldrich bill was not "worse than the McKinley and Dingley tariffs", however poorly it redeemed the campaign promises of 1908 (page 340). We did not "break off relations with Germany" on April 6, 1917 (page 430) but on February 3; and "two or three more notes" were not exchanged between the United States and Germany after the "once-a-week-to-Falmouth" order. The author's language is sometimes careless and sometimes slangy. When he says that Roosevelt "flocked by himself on a peak" in the New York Assembly (page 39), he conveys a different impression from that which we get from Roosevelt's own account of his legislative career.

Lawrence Abbott's *Impressions of Theodore Roosevelt* makes no pretense of being a biography. It is an altogether delightful account of the public and private life of a very conspicuous man, as it came within the observation of a sympathetic friend during an acquaintance of more than twenty years' duration. It is more "intimate" than Thayer's biography. It is as appreciative as Dean Lewis's. Moreover, it has the added charm of a touch of filial devotion; for there was enough difference between the ages of Mr. Roosevelt and Mr. Abbott to inspire in the younger man a certain reverence and not too much to preclude companionship and comprehension. Mr. Abbott presents sidelights on Roosevelt's character, as exhibited in a number of important activities (as politician, man of letters, reformer, diplomat *etc.*), which he hopes may "supply useful details for the final portrait which will be painted by the historian of the future." One is reminded of those "sketches" by the great artists which we prize as themselves finished works of art.

Perhaps the most valuable, certainly the most interesting, part of the book consists of those chapters towards the end in which the author describes Roosevelt's European tour after his emergence from the African jungle. Mr. Abbott joined Roosevelt at Khartum in March, 1910, and acted as his courier and secretary during the whole trip, arranging the itineraries, cooperating in the ceremonies and meeting the various dignitaries on a plane only less intimate than

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that on which Mr. Roosevelt himself met them. The reactions of the great democrat to the triumphs and the tedium of titled fête-making are portrayed in a fascinating manner in Mr. Abbott's pages. If the reader is stirred to some amused protest by Mr. Abbott's enumeration of the most conspicuous traits of Roosevelt's character as caution, courage, sense of humor and gentleness, the chapter on "Personal Qualities" does all that a chapter could do to convince him that Theodore Roosevelt possessed three of those traits in much larger measure than has generally been supposed. Roosevelt's courage no one ever doubted; it is significant that Taft, Lewis and Thayer all agree with Abbott in emphasizing Roosevelt's sense of humor, of which his intimates are after all the best judges. But it remained for Abbott alone to insist on his being one of the most cautious and gentle of men.

At times Mr. Abbott seems to us to yield too much to his affection for his hero and to sacrifice discretion to enthusiasm. For example, he wrote an article for the Cornwall *Local Press* in January, 1912, on "some facts concerning the personal relations of President Taft and Mr. Roosevelt", when these personal relations were threatening to become the issue of the approaching presidential campaign. Mr. Roosevelt, to whom the article was submitted for comment, wrote on the margin opposite the statement that he did not begin to shape his policies on lines differing from those laid down by McKinley until after the election of 1904, "No; the mere force of events had made me strike absolutely my own note by October, 1902, when I settled the coal strike and started the trust control campaign. In 1903 I took Panama." This last sentence is categorical enough. If it needed comment, there is enough in Roosevelt's reiterated justification of his action in magazine articles and speeches (see the *Metropolitan Magazine* for June, 1915, and the speech of March 23, 1911, at the University of California—"I took the Canal Zone and let Congress debate, and while the debate goes on, the canal does also"). Yet Mr. Abbott thinks it necessary, in order to clear his hero of the charge of highhandedness in which he gloried, to "edit" these five words of marginal comment. "The meaning of the phrase", he says, "will be more clear[!] if it is paraphrased in this way: 'In 1903 *I took action,* guided almost solely by my own judgment of what was wise and proper, that resulted in the building of the Panama Canal'" (page 72).

As soon as the result of the election of 1904 was known, on the evening of November 8, Roosevelt issued the statement: "The wise

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custom which limits the President to two terms regards the substance and not the form, and under no circumstances will I be a candidate for, or accept another nomination." Mr. Abbott, perhaps through inadvertence, states the case thus: "Not long after Mr. Roosevelt's election to the Presidency in 1904, he announced that he would not be a candidate for a second *consecutive* term" (page 12). The apologetic bearing of the word which the reviewer has italicized on the nomination of 1912 is obvious. Twice Mr. Abbott speaks of Roosevelt as the "organizer" or "founder" of the Progressive party (pages xvii, 48). If "founding" a party means more than actually starting the machinery of it, this attributes to Roosevelt more than his due. He held conspicuously aloof for months from the organized Progressive movement. It is not technically accurate to speak of a member of Assembly as "an officeholder" (page 34). The speech on the "New Nationalism" was not delivered "during the Progressive campaign in 1912" (page 115), but on August 31, 1910, at Ossawatomie, Kansas.

D. S. MUZZEY.

La Péninsule Balkanique: Géographie Humaine. By JOVAN CVIJIC. Paris, Colin, 1918.—viii, 530 pp.

This book is an interesting example of new methods, one may almost say a new method, in anthropogeography. The reviewer notes the departure from the lines laid down by Ratzel and will indicate the novel features of the author's work in summarizing the contents. Entirely apart, however, from the interest of the book as a contribution to methodology, it is of first-rate importance to every one interested in the Balkan peninsula, whether his interest be that of the professional geographer, of the historian, of the statesman or of the man of affairs.. To the student of contemporary Balkan problems the book is a library in itself. Certain limitations on its value will be noted below. It is enough to say here that no other work on the Balkan peninsula, at least none written in any language of western Europe, approaches it in richness of contents.

The book is based on lectures delivered at the Sorbonne in the years 1917 and 1918, but its origin may be traced back many years to the work which the author, professor of geography in the University of Belgrade, carried on in the class-room and in the field. From 1883 to 1915, Professor Cvijic tells us, he traveled every year in the Slavic parts of the peninsula. The material which he presents is

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therefore derived in large part from personal observations on the spot. The book differs from its predecessors, however, not merely in the amount of time spent and the extent of ground traversed in preparing it. The author, as has already been intimated, has a new conception of the function of the geographer and sees on the ground which other observers have traversed some things which they have not seen.

His departure from the beaten track becomes obvious as the reader progresses in the book. The first few chapters, covering the geographic environment and summarizing the physical features of the peninsula, follow the lines of old-fashioned geography. These chapters are, however, merely an introduction to detailed studies of man in the peninsula. With reference both to geography and to history, the author analyzes the zones of civilization in the Balkans and studies the migrations of the peoples. He then rises another step above the ground and surveys his field from the standpoint of the ethnographer and sociologist. He considers the distribution of nationalities, the forms of land tenure and modes of livelihood, the types of houses and of house-grouping in towns and villages.

In the second part of the book, which forms about one-half of the whole, the author again advances his point of view and becomes a psychologist. He restricts his studies at this point to the South Slavs, whom he knows best of the Balkan peoples,—so intimately, he believes, that he can look into their minds and analyze and interpret for us what he finds there. He aims to tell us how these people differ among themselves in their mental habits, what are their characteristic virtues and faults; and he seeks not only to describe but also to explain their psychical character. He presents the results of his studies in the framework of a classification which distinguishes four main types of South Slavs: the Dinaric, the Central, the Eastern Balkanic and the Pannonic. To resolve each type into its varieties he pushes his analysis further and presents altogether a score or more of distinct psychic groups among the South Slavs.

This sketch of the plan of the book indicates, without the need of argument, the difficulty of the task which the author has undertaken. To solve all the problems which the book raises is, humanly speaking, impossible. Are the problems worth study? Has the author made progress toward their solution? These are the practical questions which must be kept in mind in judging the work; and to both of them the answer must be affirmative.

A good example of the author's method appears early in the book,

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in the chapters on internal migrations. He distinguishes the great migrations of the early Middle Ages and the movements incident to military conquest from the streams of people which have been moving recurrently in the peninsula through most of its history and coins a special word, "metanastasic" (from the Greek word meaning to change place), to characterize these streams. He finds in historical documents insufficient information respecting these movements, which have not risen to the rank of political events, but which, notwithstanding, obviously explain the present distribution of peoples in the Balkans. He has looked, therefore, to private tradition, which is of course carefully cherished in societies with a strong patriarchal cast, to the history of family names, to the study of dialects, of folklore, of customs and ceremonies. For twenty years past studies along this line have been carried on by many collaborators working under the direction of the Institute of Geography of the Institute of Belgrade. A map has been constructed showing the origin of each family in almost all the villages of Serbia, and the author believes that the origin of most of the families of the central and western parts of the peninsula has been determined.

Similar methods of patient and detailed investigation have marked the author's study of the psychic characteristics of the South Slavs. In this part of his work he has obtained comparatively little in the form of direct results from history or from physical anthropology and has depended mainly on his personal observation. An illustration of the reasoned plan underlying his field work appears in the account of his method of "psychic sections". In any region, obviously, the contrast of mental characteristics must be greatest along some one line, and an observer following that direction will be most likely to appreciate the graduations of difference. "In a 'psychic section' from the Adriatic to the Balkans," he says, "one notes very clearly the differences which exist between the population of the Bocca di Cattaro and the Shopi in the neighborhood of Pirot and of Sofia. But between these extreme points there are less perceptible differences, for example between the population of the Bocca di Cattaro and the Montenegrin tribes, between these and the populations of the Brda, of the Rashka, of the Shumadija *etc.*" So in the west he has made his "psychic sections" from the Adriatic to the valley of the Morava-Vardar, while in the Balkans proper he has followed the north and south direction.

The variety and detail of the book forbid any attempt to summarize its conclusions here. Attention may be called, however, to

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the effective combination in the author of a remarkably extensive knowledge of local detail with the sound reason and broad view of the trained scientist. He is at his best in handling social problems, such, for example, as those raised by the mixture of Slavic and Aromounian elements in some of the villages of western Macedonia (page 398). The book is full of digested information and thoughtful speculation on similar cases of complex mixtures in Balkan society. In his broader generalizations the author is less concrete and on that account less convincing. For example, in the sketch of the psychic character of the Dinaric type (page 282) we are told that the Dinarics have acute intelligence and lively sensibility, that they respond more quickly to moral than to material motives, that they are passionate and devoted, that they combine with their vigorous idealism a profound faith in their future and a determination to avenge the battle of Kossovo, which marked the fall of independent Serbia *etc.* These descriptions of psychic characteristics of the main types and of their varieties run to great length in the latter part of the book. Parts of them are based on matters of fact which the reader can accept because he can understand and verify them, such as physical environment, economic occupation, land tenure, social institutions and the like. But many of the psychic traits appear unrelated to external conditions, and the skeptical reader cannot help questioning their existence as realities outside the mind of the author.

Even the least favorable judgment on Professor Cvijic's contribution in the field of psychic traits will concede that the book is of the greatest value. Even the most favorable judgment must concede that the author is biased by his patriotic sympathies. He is a first-rate scientist, and he is a man of unquestioned mental integrity; those who had to do with him at the Paris Peace Conference have the greatest admiration for his honesty and candor. Yet he would have to be more than man, writing on the peoples of the Balkans during the World War, to be impartial not only in matters of fact but also in matters of opinion. The book is not a work of propaganda. The reviewer has not noticed a single instance of the distortion of fact to further the Serbian cause. Even the ethnographic map, in which nationalistic prejudices inevitably come to the surface, would need to be rectified only in minor respects to accord entirely with the reviewer's information on the distribution of peoples in the Balkans. Yet the author is a Serb and a good patriot. He cannot writ of Bulgarians and Albanians with the

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sympathetic understanding which inspires his work when he writes about Serbs, Croats and Slovenes. He cannot discuss the problems of Macedonia or of the Shopi except from the Serbian point of view—not that he deliberately chooses to do so, but because he cannot help himself. The sensible reader will understand this and will not be misled; and for so good a book, coming under the conditions of the present, he will be grateful.

CLIVE DAY.

YALE UNIVERSITY.

The European Commonwealth. By J. A. R. MARRIOTT. Oxford, The Clarendon Press, 1918.—xi, 370 pp.

One of the most regrettable features of American public life is the complete absence from Congress of men with specialized political knowledge, particularly knowledge of foreign affairs. Few senators, it is safe to say, had heard of many of the territories and issues involved in the Peace Treaty until the newspapers, reviews and dissentient experts showed that there was material for controversy; and some of the speeches which have drawn most applause from the galleries in the Capitol have been based upon the knowledge of a mediocre college undergraduate, increased by resort to a couple of war books and the *Encyclopædia Britannica* and presented with the argumentative skill of the average lawyer. That this is literally true will be evident to anyone with sufficient leisure to read the speeches in the Senate debate. Secretary Lansing apparently recognized this, for the press reports of his testimony before the Senate Committee on Foreign Relations indicate that he anticipated that only Mr. Knox and Mr. Lodge would really understand the treaty and that the latter's "position would become purely political and therefore ineffective."

But even conceding that Mr. Lansing might have mentioned several other names, it remains true that members of Congress, speaking broadly, do not write books; if they wrote them according to the plan of the author of *The European Commonwealth,* it is doubtful whether they could be published in the United States. Mr. Marriott, who is a Fellow of Worcester College, the author of a number of well-known volumes on history and politics and a member of Parliament for the City of Oxford, prepared the material contained in his latest book for the English reviews during the four years of the war, and the chapters, he tells us, are selected from a

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much larger number of essays. The subjects treated and the diplomatic memoirs and historical works which frequently furnish the texts of his articles are not discussed at length in the United States except in such scientific journals as this quarterly, where the reviewers are for the most part university theorists and not practical politicians. In England, on the other hand, where members of Parliament are frequent contributors to the quarterlies and monthly reviews, questions of domestic and international politics are threshed over by them in these wider forums. A dozen or more members of Parliament have written creditable books during the war, and, while it may be true that the character of debates in the House of Commons is deteriorating, a few of its members at least still have the knowledge and ability to maintain the tradition of appealing through the printed page to educated national constituencies. The members of Congress who have had anything worth while to say in print are certainly very few in number. When one mentions Senators Lodge and Williams and former Congressmen McCall and Alexander, has he not exhausted the list? It may be recalled that James Hamilton Lewis is the author of *Two Great Republics: Rome and the United States* and that Colonel House once wrote a novel; but the latter never sat in Congress or held office, and his case is, therefore, not to the point. Mr. Marriott's book calls attention by contrast to the non-political authorship of American political and historical writing, which has impressed foreign observers like Lord Bryce and Sir Sidney Low. The decline of the English tradition, it should be added, is as regrettable as the failure of America to copy it.

The European Commonwealth is an able and scholarly piece of work, and though a product of the war it will have more than a temporary interest. The author would be the first to admit that the connection between his essays is not always evident, but nevertheless their publication together is well worth while. In his own words, "the underlying unity of the book will be found in the problem presented to Europe by the evolution of the Nation-State and the working of the influential though elusive problem of nationality." Is the nation-state the final type of political organization? If not, what is to take its place? The problem, Mr. Marriott says, is one for the political philosopher, but the historian can contribute to its discussion.

Of the fifteen essays composing the book, those which are primarily political are of greater interest than those which are historical. The latter deal with the beginnings and development of mod-

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ern diplomacy, the evolution of the states system, the attitude of Great Britain toward the continent, her interests in the Low Countries, the expansion of Russia and Germany, the growth of imperialism and the problems of Poland, the Near East and the Adriatic. They retell familiar stories with the assistance of new material available in recent biographies, which Mr. Marriott reviews. His treatment is always interesting, he shows great skill in compression, and the essential facts are always given; but in addition there is an immense amount of miscellaneous information, which comes from wide and long reading.

The most important part of the book consists of the chapters that are primarily political. "How to reorganize society; to reconstruct institutions; to reshape European polity, so as to prevent a recurrence of the cataclysm which has lately engulfed the world—this is of all problems raised by the war the largest and most insistent." It is an extraordinarily difficult problem, since it is doubtful whether nations are ready for the degree of self-abnegation that is essential to the establishment of international organization. Mr. Marriott relates that when the Abbé de Saint-Pierre's *Projet de paix perpétuelle* was submitted to Cardinal Fleury, the latter remarked: "Admirable, save for one omission: I find no provision for sending missionaries to convert the heart of princes." The reported adventures of Mr. Wilson in getting his League of Nations adopted at Paris remind us that it is folly to ignore this line of argument.

The most important chapter is the last, entitled "Projects of Peace: The Holy Alliance and the Concert of Europe." The failure of the Holy Alliance furnishes some lessons for present-day statesmen. It cannot be attributed to the attempt to create a league of *autocrats* or to the insular selfishness and lukewarmness of England. The fundamental cause of the failure of the Holy Alliance is to be found in the injustice of the after-war settlement, for if peace is to last, it must be preceded by justice. No provision was made for the spread of liberalism or the rise of nationalism, and when the settlement was challenged by these great political forces it crumbled. Mr. Marriott suggests that a closer union between the English-speaking peoples may prove to be the first step in the solution of the present problem, but he wisely abstains from such detailed specifications for world reconstruction as many prophetic historians have prepared.

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A Guide to Diplomatic Practice. By the RT. HON. SIR ERNEST SATOW. London, Longmans, Green and Company, 1917. —Two volumes: xxii, 407; ix, 405 pp.

This book has the good fortune to find the field all its own from the start. Until its appearance we have not had in English an adequate treatment of general diplomatic practice, such as has existed for many years in French in de Marten's *Le Guide Diplomatique.* In these two volumes, which are announced as the first of a series of *Contributions to International Law and Diplomacy,* Sir Ernest Satow has made good the deficiency and given the English-speaking community a scholarly treatise that will long remain standard. He is well-qualified to write it, for his experience in the world of affairs has been unusually extensive. In a career of over forty years he has filled many posts in the British diplomatic service, among them that of Minister to Japan, and to his diplomatic distinction he has added the honors of privy councillor, member of the Permanent Court of Arbitration and British representative at the Second Hague Conference.

The appearance of this work coincides with a demand in the United States and Great Britain for more highly-trained diplomatic establishments and back of them for a better-informed public opinion. Diplomacy cannot be dismissed as a mere survival, like heraldry, unrelated to the realities of modern life, but comes home to men's business, as the events of the past five years have shown. The future will see not less of it but more. The greater is the need, therefore, that not only its professional exponents but all who aspire to public service in the wider sense of the word acquaint themselves with its principles. Although the author doubtless had in mind primarily the requirements of the diplomatic service, his book will in every way meet the demands of the larger constituency which will henceforth take an interest in diplomacy and its works. Both classes of reader will find it a handbook of merit, informing, scientific and, in spite of necessary technicalities, thoroughly readable.

The first volume deals with the apparatus and conduct of diplomacy as an instrumentality of state action. The honors and immunities of the sovereign, the organization of the foreign office, the right of legation, the selection, duties and privileges of diplomatic agents and all the multiform types of document employed in international intercourse are clearly set forth with ample citations, usually in the language of the original. The second volume treats of international

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meetings and transactions. The chapters on congresses and conferences naturally attract the reader of today, but, as the author himself anticipated in the preface, they will be found to lag behind in interest. For one reason, proportion is lacking. More space is given to the Congress of Teschen than to that of Utrecht. The Congresses of Vienna and of Berlin take up four pages each, the Congress of Bucharest, eight. Further, the recital of the more or less similar details of some fifty-six international gatherings does not lend itself to variety. It reads like Homer's catalogue of the ships, though, of course, equally valuable to the special student. A preferable treatment, possibly, would have selected the great epochal congresses for full consideration and discussed those of lesser importance chiefly insofar as points of differentiation might be brought out. As an accurate collation of facts, however, this part of the work deserves full praise.

Amidst a complexity of technical details such as the author marshals there are surprisingly few statements that seem to call for qualification. One may question, however, "if the cases of a refusal to ratify [treaties] . . . might be counted on the fingers of two hands" (ii, 276). American diplomatic history would furnish more than this number of instances, if rejection by the Senate is tantamount to refusal. The North Atlantic fishing dispute alone was responsible for three failures to ratify, one of them British, between 1888 and 1902. On the other hand, in the third volume of *Treaties of the United States,* published in 1913, some fifteen treaties or other international acts (from 1907 on) are enumerated as not in force, though advised by the Senate, because of failure to ratify on the part of other powers or of the President of the United States. Apropos of treaty-making, it may be added that the use of *Amérique* as the distinctive part of the designation of the United States need no longer be referred to conditionally (ii, 176). Under that name and style she voted and signed at the Second Hague Conference and for the same reason is given first place in the acts and protocols of the Peace Conference at Versailles. Moreover, *Grande-Bretagne,* as an official designation, has given way to *L'Empire Britannique,* the change having been effected, evidently, at the recent Conference. It is a matter for comment that the British sovereign still employs the title "Defender of the Faith" in forms of ratification (ii, 276); when it no longer occurs in the texts of the treaties themselves. In strict accuracy, the title of the court established by the Hague Convention should be the International Prize

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Court not the International Court of Appeal (ii, 160). Though the function of the court is, in effect, appellate, the United States could not have accepted it as such, and, in fact, expressly reserved on the point. Also, on reference to the text of the Treaty of London of 1913, it will be found that article vi did not refer the division of Turkish territories conquered by the Balkan allies to the international commission (ii, 163). That had already been stipulated for in their treaties of alliance. The commission was to settle questions of a financial nature arising from the war.

Many will find this excellent book useful, but none will appreciate it more than the teacher of the technique of diplomacy. It is well arranged, clearly presented and full of the sort of material needed to illustrate the intricacies of the diplomatic art. In the classroom, as in the legation or the chancellery, it is a book "to be read wholly and with diligence and attention".

Henry F. Munro.

Columbia University.

Justice and the Poor. By Reginald Heber Smith. New York, The Carnegie Foundation for the Advancement of Teaching, 1919.—xiv, 271 pp.

Rightly understood, there is truth in the saying that courts do not exist to dispense justice but to settle disputes. Whatever justice may mean to the philosopher, to those that are aggrieved it must mean at least a chance to get a judgment that will be enforced by the state. This chance is an essential prerequisite to justice. The blindfolded lady with the even scales represents the ideal of a justice that knows no difference between rich and poor. But the lady must be wooed. It costs money to fight a lawsuit. In a very practical sense justice is something that has to be bought. Some one must pay the price. If, then, we desire the poor to have justice, we must make justice cheap; and for those who have no money, we must make it free. Without this, our boast of equality before the law is the parade of an abstraction in the face of much reality to the contrary. An equality which is dependent on judicial decrees that are out of reach is like that implied by Anatole France in his familiar saying that "the law in its majestic equality forbids the rich as well as the poor to sleep under bridges, to beg in the streets and to steal bread."

The denial of justice to the poor through their inability to en-

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force their claims in the courts is the subject of the first part of Mr. Smith's valuable study. Temperately but none the less dramatically he shows how the law's delays and the expense of court costs and counsel's fees prevent the enforcement of small contract claims and seriously impede the recovery of damages for tortious injuries. From this he passes to a detailed consideration of the agencies that have been devised for remedying the evils. Nearly half of the volume has to do with the work of legal aid organizations. Other chapters deal with small claims courts, domestic relations courts, courts of conciliation and arbitration, administrative tribunals and agencies, assigned counsel and the defender in criminal cases. Through these agencies for securing justice for the poor a substantial beginning has been made; but, as Mr. Elihu Root says in a foreword, Mr. Smith's book "shows that we have not been performing that duty very satisfactorily and that we ought to bestir ourselves to do better."

It would be difficult to exaggerate the importance or the merit of Mr. Smith's contribution. It is so packed with detail that any brief summary is necessarily inadequate. It is so admirably constructed and presented that it compels and richly rewards reading in full. One marvels at the amount of material that the author has gathered and analyzed and made to serve his purpose. Much as the subject invites to exhortation, Mr. Smith has preferred for the most part to let the facts speak for themselves. Instead of appeal to Utopian impossibilities, he presents a record of progress made, with acute appraisal of successes and failures. He finds no single panacea. The various expedients which have been of service have each a special function. Though some of the need for the lawyer's services is artificial, there remains much work for which the lawyer is indispensable. After all possible improvements in judicial procedure and the substitution of other devices for the existing system of litigation, there remains a wide gap between the ideal and the actual which only the legal aid organizations can fill. These organizations are necessary aids to our other agencies for social work.

Necessarily Mr. Smith's volume is an indictment of lawyer and layman for grave neglect of a social duty. Happily also it is a record of progress. Of the complacency of the legal profession fifteen years ago Mr. Smith says:

> The realization that there are grave defects in the administration of justice came but slowly. . . . When Roscoe Pound delivered his epoch-making address on "The Causes of Popular Dissatisfaction

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with the Administration of Justice" before the American Bar Association in 1906, his was like a voice crying in the wilderness. From the reported discussion, one would judge that most of the lawyers present were incredulous, and that not a few were indignant at the intimation that our justice was not closely akin to perfection itself.

To this blind idolatry there were notable exceptions. Mr. Root is second only to Dean Pound in striving to rouse the members of the bar from their lethargy. Ex-President Taft and Dean Wigmore and other leaders in the American Judicature Society have kept alive the recognition of our failings and have preached the way of salvation. The work of the late Arthur v. Briesen in the New York Legal Aid Society deserves especial recognition. They also serve who do the drudgery. Yet, in spite of these examples of lawyers who have appreciated that the test of a legal system is the way it works and who have sought to put justice within the reach of those who could not secure it unaided, the American bar as a whole is still inclined to pass by on the other side. Unfortunately there is no legal maxim that ignorance of the facts excuses no one. But the plea of ignorance can no longer be urged by any one who has read Mr. Smith's book. To him and to the Carnegie Foundation which has made possible the wide distribution of his noteworthy contribution all who care for justice for the poor and for real equality before the law must be profoundly grateful. The study is by no means as broad as its title. But within the limits which the author has set for himself he has done his work amazingly well.

THOMAS REED POWELL.

James Baird Weaver. By FRED EMORY HAYNES. Iowa City, State Historical Society of Iowa, 1919.—xiv, 494 pp.

In this book, as in his *Third Party Movements,* Mr. Haynes deals with phases of American history which offer particular promise to the research student. Viewed in the light of present-day interest in social politics, those movements in which Weaver was at times the most prominent leader appear to have been the product of the most significant forces in our political history from the rise of various independent groups in the seventies to the virtual disappearance of the Populist party in 1896. Yet exhaustive study of this field has barely begun. In fact, the leaders have received surprisingly scant attention. Hence any contribution to the subject in hand bearing the marks of scholarship is worthy of attention.

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In his preface the writer correctly refers to the present work as a "study". As such it is useful. As a biography it is far from satisfying. The material is drawn mostly from the *Congressional Record,* the files of several Iowa newspapers and the Weaver Collection — consisting of a scrap-book, a bundle of letters and some unpublished *memoranda* written in Weaver's later years as the beginning of an autobiography but unfortunately cut short at the year 1859, just when his public career began. While much useful material is thus secured, it is mainly of an external character. The larger forces as well as the subtler influences which affected such essential matters as Weaver's party connections and his radical views are often left obscure. The private collection seems to have been especially disappointing; the story is rarely enlivened with illustrative incidents or enriched with intimate experiences.

Two chapters, based mainly on the *memoranda,* tell of Weaver's life before the Civil War. A child of the restless frontier, he was born in Ohio in 1833 and was on the move when two years old, first to Michigan and finally at the age of nine to Davis County, Iowa, which became his permanent home. His own poverty and the scarcity of money in his section made it necessary for him to pay 33⅓ per cent. interest for funds with which to attend the Cincinnati Law School; and this experience, the writer thinks, may have influenced his later "opinions in regard to capital and the issue of money" (page 15). Law led to politics. Originally a Democrat, Weaver was swept into the tide of opposition to slavery in the late fifties "by reading the *New York Tribune* and *Uncle Tom's Cabin",* and became first a Free-Soiler and later a Republican (pages 18, 19). He had achieved some prominence as a campaign speaker when the Civil War interrupted his career in politics. Chapters iii-v are devoted to his services during the war.

Chapter vi deals with the events which led to his withdrawal from the Republican party and to that career of leadership in successive minor parties which gives him his chief significance in history. Upon the facts ascertainable in this connection depends the answer to the question whether Weaver was essentially a reformer or a politician who found it expedient to join reform forces. The writer's account is not satisfying. No reference is made to Weaver's position on any question during the important years from 1865 to 1874. In the next three years he is represented as chiefly interested in a struggle to commit his party in Iowa to prohibition. Several times the popular candidate for congressman or for governor, he

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was each time defeated, largely by the activity of the liquor interests. Meanwhile he seems to have developed radical views on the money question. What opposition he aroused because of such doctrines does not appear, but he is said to have regarded them as "consistent with his continued membership in the Republican party" (page 91). In 1877 he again lost the nomination for governor but won his fight for the temperance plank. He expressed himself as "entirely satisfied" and pledged his support to the candidate. Six weeks later, however, he asked to be released from the pledge, giving as his reason the wide difference between his position on questions of finance and that of the Republican party (page 93). He threw himself into the campaign on the side of the Independents and the following year was sent to Congress by an alliance of that party with the Democrats.

With the exception of chapters ix and xi, which deal respectively with his "First Campaign for the Presidency" and his "Political Activity, 1881-1885," chapters vii-xiii are devoted to Weaver's three terms in Congress. Much useful material is presented. While little is attempted in the way of digesting his political and economic theories, numerous rather well-chosen excerpts from his speeches are included. These give appropriate emphasis to his views on matters of finance. Convinced that the chief reason why the eastern capitalists were growing rich while the western and southern farmers were burdened with poverty and debt was because the financial policies of the government were dictated by the "money power", he demanded silver and greenbacks as a means of breaking that control and of supplying a currency both adequate and elastic. The writer attempts to show on page 154 that these ends have since been attained in other ways. He is quite correct as regards the question of the volume of currency but is rather optimistic in saying that "the control of the currency has been definitely placed by the enactment of the Federal Reserve Act in the hands of the Federal Government." His interpretation—throughout the book in fact—is broadly generalized and often ambiguous (*e. g.*, pages 128-129, 154, 211 and 441). Despite his evident desire to treat Weaver and the movements which he represents with the utmost sympathy and fairness, one feels that he scarcely does either of them justice. Concessions are as sweeping as claims. It is said on page 129, for example, that "the details of his diagnosis have many times been shown to be erroneous, but his main conclusions have come to be generally accepted."

Chapters xiv-xvi are devoted to Weaver's connection with the

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Populist party. Again the treatment deals mostly with externals. Neither the *raison d'être* of Populism nor his influence in shaping its program receives the attention which one naturally expects. Following chapter xvii, on "Later Years", are two concluding chapters on "Recognition" and "Final Tributes". Here as elsewhere in the book the reviewer feels that the writer over-emphasizes the similarity between the ideals of Weaver and those of Roosevelt; between the achievements of the Progressives and the demands of the Populists (pages ix, 211, 338 and 441). Though Weaver and Roosevelt often spoke the same language, there were fundamental differences in their principles. And while the Progressives took up the Populist agitations for political reforms and brought about such things as popular election of United States senators, ballot reform and the like, demands of this character constituted the least important part of the Populist program. Some of the abuses of the capitalist system have been mitigated by remedial legislation, but the problems which were of chief concern to Weaver are far from solved.

A. M. ARNETT.

COLUMBIA UNIVERSITY.

Austria-Hungary: The Polyglot Empire. By WOLF VON SCHIERBRAND. New York, Frederick A. Stokes Company, 1919. —vii, 352 pp.

The throne room of the Hofburg at Vienna is everywhere decorated with the symbol of the Hapsburgs, A. E. I. O. U., which stands for the proud boast: *Austria erit in orbe ultima*—Austria will last forever. But Austria-Hungary has disappeared, and the Hapsburgs are exiles from the dominions which they so grievously misgoverned for almost five centuries. The lands which formed the Dual Monarchy yesterday will be the storm centre of European politics tomorrow. The student cannot understand their present status or their probable future without understanding what the Dual Monarchy was and how it became what it was. For him and even more for the general reader von Schierbrand's volume will be of real assistance. The twenty-five years which Wickham Steed spent at Vienna as correspondent of the London *Times* enabled him to write a work, *The Hapsburg Monarchy,* which is the classic in English on the subject. The splendid volume of V. Gayda, *Modern Austria,* has been translated into English. The student who wishes seriously

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to study the constitution, the politics and the foreign policy of that remarkable political patchwork, Austria-Hungary, must turn to these works. But he will nevertheless profit by the reading of this more recent volume, for it is written by a keen observer who has an accurate knowledge of history, has traveled through many lands and has written similar works of value. Moreover, his style, though journalistic, is not offensive to scholarly taste.

The book is very informing. It gives an admirable description of the lands that formed the Dual Monarchy and the causes of their economic backwardness, a fairly impartial statement of the races that inhabit those lands and the reasons for their poverty and illiteracy, a searching analysis of the evils of the political life of the empire and a vivid statement of the baleful influence of the Hapsburg family and the imperial court upon the life and fortunes of the people. The last third of the book, which was written during the war, is devoted to a description of the fortunes of the monarchy during that great catastrophe. The author's judgments are generally so sound that one is astonished at the statement on page 183 that the war had a unifying influence upon the races inhabiting the empire. The reader forgets such a misjudgment, however, in the conclusion arrived at: "Austria-Hungary is doomed unless she resolutely applies the surgeon's knife and cuts down deep, cuts out the cancer of race strife with all its roots."

Von Schierbrand meets the great problems of the Dual Monarchy squarely. The greatest of these was, of course, the racial problem. He gives an excellent historical account of each of the chief peoples who inhabited the empire: Germans, Magyars, Poles, Ruthenians (Ukrainians), Rumanians, Jugoslavs, Italians. His discussion of their capacities and weaknesses is on the whole very fair despite a restrained German bias. His solution of the racial problem is the one so often previously recommended by those who have studied it, *viz.*, self-government for each of the races and federalism for the empire. It was obvious to everyone who had studied the question that this must be granted, and yet on the very eve of the *debâcle* the Germans in Austria and the Magyars in Hungary refused all concessions to the subject peoples. The detached attitude of the author is evident in his treatment of other problems: the army and the gross favoritism within it, the bureaucracy and its hopeless inefficiency, the church and its obscurantism. The reader will find himself wondering whether the new nations that have arisen out of the Dual Monarchy can possibly rid themselves of these evils which together make

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up the cancer of Austrianism. But he will be convinced that they deserve all patience and sympathy after the centuries of their oppression in the Polyglot Empire.

STEPHEN P. DUGGAN.

INSTITUTE OF INTERNATIONAL EDUCATION.

War Borrowing: A Study of Treasury Certificates of Indebtedness of the United States. By JACOB H. HOLLANDER. New York, The Macmillan Company, 1919.—215 pp.

While resort to short-term negotiable obligations is not new in the financial history of the United States, their use in the recent war was so large and constituted such a fundamental method of war finance that especial interest attaches to them. In the volume under review Professor Hollander has made a careful study of the certificates of indebtedness issued prior to the Fourth Liberty Loan and of the effects of their issue.

The certificates of indebtedness were issued in anticipation of loans and to a small extent of taxes, being offered by the Treasury through the federal reserve banks for general subscription by banks and individuals. They were put out at regular intervals of two weeks or more and thus provided the Treasury with a steady flow of funds. Payment at first was made by subscribing banks in current funds, but later the device of payment by credit was largely used. When the loans were finally floated the certificates were redeemed in whole or in part. This process is called "anticipatory borrowing" by Professor Hollander, and in this very process of anticipating the proceeds of each successive loan he finds a weakness in our system of war finance.

In successive chapters the results of the continuous use of certificates of indebtedness in anticipation of loans and taxes are traced as to their effects upon the Treasury, the money market and the price level. From the Treasury standpoint, certificate borrowing is conceded to have possessed the qualities of readiness and certainty to an ideal degree, but not to have been equally economical, though any defect on this score was to be attributed to the maintenance of unnecessarily large Treasury balances.

In the chapter on the money market the author concludes that there has been "an extraordinary freedom from monetary disturbance", which is attributable, however, to the discount apparatus of the federal reserve banks and not to the particular method of bor-

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rowing pursued. In tracing the effects of certificate borrowing upon the price level the problem resolves itself into the query: "Have the issue and use of certificates of indebtedness been the direct cause of an extraordinary expansion of credit or increase in currency?" (page 176). To this Professor Hollander gives an affirmative answer (page 191); certificate borrowing has involved the creation of additional bank credits in the form of governmental deposits rather than the transfer to the new government account of existing commercial credits, thus making for inflation. Moreover, the volume of new credit thus created was not contracted with the liquidation of the certificates but was dispersed among commercial accounts. As to the last point, it may fairly be urged that such dispersion was due to the enormous government borrowing by whatever method pursued rather than to the specific device of certificate borrowing.

In a final chapter Professor Hollander proposes his alternative method of war borrowing. Instead of anticipatory borrowing he would have instalment loans, "payable in evenly distributed serial instalments." The first loan should be large enough to discharge any anticipatory certificates made necessary at the beginning and thereafter to maintain a comfortable Treasury balance until the flotation of the next loan, which again must be ample to meet all expenditures until the following loan. Payments must be made in monthly instalments, and no overpayments should be authorized. By this method the dangers of certificate borrowing and the evils of inflation would be largely avoided, while loans would tend to be made from savings rather than from credit.

Professor Hollander has made a valuable contribution to the analysis and criticism of our war finance and has described in illuminating fashion tendencies of which the Treasury officials themselves were probably only dimly aware. On the other hand, his suggestion of an alternative method exemplifies strikingly the extreme difficulty of making a positive suggestion at all comparable in value or originality with criticism of an existing policy. It is by no means certain that the method of instalment borrowing would be free from the evils attributed to anticipatory certificate borrowing nor that this latter method should be held responsible for all the weaknesses of our war finance which are attributed to it by the author.

As a matter of fact the proposed method of instalment borrowing was followed in every one of the Liberty loans. Roughly, about 25 per cent. of the subscriptions for the first loan were on the instalment plan, and a further large though unknown percentage was paid

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for through the aid of the banks on a still more liberal instalment basis.

In comparing the merits of the two plans an assumption is made on behalf of the instalment plan, which would, if followed, have removed equally all objections to certificate borrowing. "The aggregate amount of the [first] loan, as allotted, should be enough to discharge the anticipatory certificates then outstanding and to supply the Treasury with funds sufficient to obviate further short-term borrowing prior to the flotation of a succeeding Liberty loan" (page 205). It is now acknowledged by all that the first loan was too small and that an additional mistake was made in refusing all oversubscriptions, but the amount was fixed at the largest point then considered feasible and larger than many bankers thought possible, while the pledge not to accept oversubscriptions was designed to encourage large subscriptions from the banks. The Treasury thus got behind at the beginning and never caught up. It is difficult to see how the necessary foreknowledge could have been secured by a substitution of instalment for certificate borrowing. Expenditures were growing at an unprecedented and unpredictable rate, and a rigid system of "equal monthly instalments", based upon ascertained needs at the beginning of a six months' period, would have proved utterly inadequate by the end of it.

There is nothing to indicate that the proposed method would not have resulted in inflation equally with the plan pursued, except the suggestion that such loans would be more likely to be met out of savings than out of credit. This, however, has not been the experience in either Great Britain or Australia, where instalment borrowing was given a trial. The real evil in the loan policy of the United States was the excessive use of bank credit, and the only remedy was to make loans out of real savings. There is no certainty that this remedy would have been applied under the proposed method.

Finally, as just indicated, it is not necessary to theorize since instalment borrowing was experimented with on a large scale during the war, although Professor Hollander does not mention any instance. In Great Britain the plan of continuous sale or day-by-day borrowing continued from October 1, 1917, to January 18, 1919, and yielded about $5,000,000,000. It was, however, given up in favor of periodic loans, of which two have followed in Great Britain since the latter date. A still earlier trial had been given instalment loans in Australia, where the fourth internal loan of December, 1916, was made payable in ten monthly instalments beginning in Feb-

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ruary, 1917. Although three further loans were made thereafter, the plan of instalment borrowing was not again resorted to, and it was necessary to issue the fifth internal loan in September, 1917, three months before the instalment payments on the previous loan were completed. It is possible that a more careful study of the actual workings of these two experiments would have led Professor Hollander to modify somewhat his theoretical exposition of the advantages of instalment loans and to place a different emphasis upon some of the features of certificate borrowing. His own plan resembles the Australian method, which in many respects was inferior to the British plan.

E. L. BOGART.

WASHINGTON, D. C.

The Economic Foundations of Peace. By J. L. GARVIN. London, The Macmillan Company, 1919.—xxiv, 574 pp.

This book was written in one sense too late and in another too early. It was written too late in the sense that the profound truth and far-reaching wisdom of its conclusions could well have been in the public's possession in 1916 rather than in 1919. It was written too early in the sense that all the facts of the argument supporting Mr. Garvin's position are not yet a matter of public record.

Based upon the earnest convictions which honest thought and the consequent change in outlook had brought (Mr. Garvin was formerly a protectionist), the present volume is the outgrowth of the studies of Angell, Hobson, Dickinson, Woolf and others into the relation of military activities to economic forces and motives. The work is essentially that of a journalist but of a large-visioned, statesmanly journalist, whose social passion is wedded to intelligence. And the issue is a constructive outlook and proposal at once sensible and in harmony with the best modern thought on the potentialities of international economic organizations.

Mr. Garvin's thesis is well illustrated in the following sentences:

> Even if we take the narrowest view of the chief function of the League of Nations as that of preventing war, the most formidable deterrent . . . would be found in the thorough organization in advance of a mechanism by which the commercial interdict, embargo, or boycott might be applied to mutinous challengers or breakers of the peace [page 358].

> There can be no safe prospect in any idea of compulsory peace; not

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even if the system were riveted by economic action in emergency. The only conception likely to be workable and lasting is that of the willing peace. That is, a peace secured by the cohesive power of common interests, by the increasing efficiency and advantages of mutual service . . . this could only be brought about by creating under the League a definite series of institutions for making international cooperation a potent, beneficent reality. From that method every country . . . could only gain in prosperity and security. It would make the daily operation and preservation of the peace an asset for every people, which no imaginable results of successful war could exceed [page 359].

The book seeks, on a basis of this thesis, to analyze the workings of whatever international economic organizations have recently existed with a view to seeing what analog for future international economic arrangement they suggest. From the point of view of a careful analysis of the operation of the economic bodies used by the Allies during the war to coordinate their activities, the book is only suggestive. It could not be otherwise; but the time will soon be ripe for disinterested and understanding interpretation of the record of the accomplishment of the inter-allied economic agencies; and when it is made, it promises to suggest much as to the concrete uses and limits of usefulness of industrial organizations among the nations. Such a study will, however, need its Garvin to put its conclusion into plain English for the people. As a popularizer of what has already been thought out this author achieves his most conspicuous success.

The weak points of the book are due to the defects of its virtues as much as to anything else. Its point of view is not new, but it is new to its author, and its author has in England a wide following which hears him with respect. If he betrays a somewhat prejudiced state of mind regarding the Bolsheviki, it is to be accounted a "vestigial remain" rather than a central conviction. If he slights the problem of international finance, it is to give clarity and consistency to what he does say. There is repetition; there is undue tediousness of statement; there is sweeping generalization. But Mr. Garvin proves his point. He demonstrates that peace has its economic foundation and that without that foundation there is no peace.

It is interesting to note how closely Mr. Garvin's ideas about the structure of the League of Nations conform to the proposal of General Smuts. For this very reason the book supplies a measure of the width of the tragic gulf between the accomplishment of the Peace

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Conference and the hopes and aspirations of those who have seen in the realignment of peace the opportunity to begin building a structure based on economic sanity and serviceability in the relations of one nation with another.

ORDWAY TEAD.

BUREAU OF INDUSTRIAL RESEARCH,
NEW YORK CITY.

Consumers' Cooperation. By ALBERT SONNICHSEN. New York, The Macmillan Company, 1919.—xix, 223 pp.

No American writer has given such a clean-cut definition and so adequate an exposition of consumers' cooperation as this book contains. Mr. Sonnichsen does not conceive of consumers' cooperation as merely a device for enabling consumers to save on the cost of their supplies. Like Robert Owen, the author regards these savings as only an incident. Consumers' cooperation is a self-sufficient system upon which to build the industrial democracy.

Anti-capitalistic, consumers' cooperation has no affinity with so-called cooperative production like the self-governing workshop, the farmer-owned grain elevator or the fruit-shipping association. All of these, in quest of profits, have nothing in common with but are antagonistic to consumers' cooperation. Cooperators expect to succeed only so far as the superiority of their system is demonstrated in actual practice. Unlike socialists, cooperators never seek to vote cooperation upon unwilling minorities.

Three-quarters of the book is devoted to an interesting and inspiring account of the growth and development of the movement up to the present year in Great Britain, on the continent and in America. This growth is so steady and so substantial, already affecting a population nearly equal to that of the United States, that Mr. Sonnichsen expects the movement to become a force to be reckoned with in the not distant future. In the second part of the book, "Cooperation as a Factor in the Social Revolution", the author discusses "Limiting the Field to Revolutionary Cooperation", "Cooperation and Socialism" and "Cooperation and Labor". Of labor we quote:

> Through the trade-union movement Labor has succeeded in getting a little more, but while granting the increase in wages, the capitalist simply retrenches from the cost of living by charging the public more for his product, so that the trade-unionist, as the American Federa-

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tion of Labor has now finally come to admit, simply chases himself around in a circle, while the capitalist stands outside the ring and laughs at him. Under universal cooperation this leak in the middle would be stopped, and the relation between wages and the cost of living would be fixed, with nothing to change it except inefficiency and waste.

The author would not permit profit-sharing among workmen as the Christian Socialists—Thomas Hughes, Charles Kingsley, Frederick Maurice and their fellows—fought for half a century to induce the British cooperators to do, but would depend upon what would be divided in "profits" getting back to the workers in lower prices. "Cooperation, then, would establish its industrial democracy on the basis of the social interests of the people *as consumers*. It places consumption as the chief end of society, labor being merely a means to that end."

Perhaps Mr. Sonnichsen's enthusiasm sometimes leads him to generalize too largely upon too slight a basis of fact, but the country has been given an exceedingly valuable book which is greatly needed. The introduction by John Graham Brooks makes us even more eager for Dr. Brooks's book now in press, *Labor's Challenge to the Social Order*.

EMERSON P. HARRIS.

MONTCLAIR, N. J.

The Farmer and the New Day. By KENYON L. BUTTERFIELD. New York, The Macmillan Company, 1919.—311 pp.

This book is entertaining and inspirational. It has the appearance of a collection of essays or addresses, since the chapters are for the most part complete in themselves. Nevertheless, they coordinate well and make a fairly symmetrical whole. The main plan of the book may be seen in the names of the three groups of chapters: The Rural Problem, Rural Organization and Rural Democracy. In addition there are several chapters added in the form of an appendix.

The spirit of the book is well set forth in the first chapter, entitled "Is the Farmer Coming to His Own?" The author shows that in the past the farmer has, as a rule, occupied a subordinate place in the business and social world. Although the American farmer is intelligent and independent in many respects, there was no adequate representation of the farmer class in the councils of the nation during the trying times of the past few years. Is the farmer

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holding his own economically? Is he paying for the land he tills? Is he making himself felt as a force in the affairs of the nation? These are unanswerable questions.

Concerning plans and organizations, President Butterfield asserts that we have many policies but no policy, many parts of a great machine but really no machine. The author not only emphasizes the conspicuous lack of a policy at the present time but also proposes a policy. It will not be necessary to attempt here to give an outline of the policy as a whole; a few samples will indicate its tenor. It must be decided whether or not we are to grow most of our own produce or rely on importations; whether we are to assume some control over farm land or leave it entirely to the control of commercial forces; whether the distribution of foodstuff is to be controlled or left to private enterprise. As these questions are answered one way or another the later parts of the program will be shaped.

In the chapters pertaining to democracy it is pointed out that the farmers' income is inadequate; his means of marketing are not in accordance with the needs of the times; his rights in the matter of organization are not clearly defined; his educational facilities require an overhauling. What is the government to do about these matters, or what shall the farming class attempt through government in the way of remedies?

President Butterfield does not offer a panacea. He asserts that farmers are not ready for peace. A constructive program is needed. Organization must be more inclusive. It is suggested that a Council of Agriculture and Country Life be formed out of organizations now in existence. "Education and organization now and evermore are the only doors through which the farmer can pass to his rightful place."

B. H. HIBBARD.

UNIVERSITY OF WISCONSIN.

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BOOK NOTES

National Governments and the World War (New York, The Macmillan Company, 1919; viii, 603 pp.), by Frederic A. Ogg and Charles A. Beard, is based upon two volumes well known to every American student of government: *The Governments of Europe* by F. A. Ogg and *American Government and Politics* by C. A. Beard. The greater part of it is a condensation of portions of the two works mentioned. The authors have, however, added a number of valuable and interesting chapters dealing with the governmental problems arising out of the war and have brought their material up to date. The introductory chapter on "National Ideals and Government", after contrasting the democratic with the autocratic ideal of government, shows how the former has been applied in England, France and the United States and the latter in Germany. The later treatment of the several governmental systems emphasizes this contrast. It furnishes an admirable though brief account of the varied activities of the government of the United States in the prosecution of the war and briefly describes the administrative agencies created to carry them out. The second part of the book, devoted to a description of the governments of England, France, Italy and Belgium, follows in framework and general treatment that of Mr. Ogg's earlier book. The chapter on the British ministry and cabinet contains interesting new material on the cabinet changes during the war, such as the organization of the war cabinet and the special meetings attended by representatives of the self-governing dominions and the dependencies. There is also a discussion of the suffrage act of 1918 and a chapter on the governments of Canada, Australia, South Africa and India. The new material on France and Italy treats of the growth of socialism. The third part describes the governments of Germany and Austria-Hungary. The treatment is naturally somewhat unsympathetic toward Teutonic institutions and lays emphasis on their autocratic features. The movement for political reform prior to and during the war is described. The volume closes with chapters on "American War Aims" and "The Problem of International Government." To describe within the compass of 600 pages the governments of the United States and the leading European countries is a formidable task—yet one which the authors have performed with a considerable

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degree of success. One might wish that they had seen fit to give at least some attention to Russia and the more important states of the Balkans and that more than one-fifteenth of their space had been devoted to the highly important matter of local government. The failure to include the states mentioned may be explained but hardly excused by the fact that they are not considered in *The Governments of Europe.*

In *British War Administration* (New York, Oxford University Press, 1919; vii, 302 pp.) Professor John A. Fairlie recounts part of the remarkable transformation wrought in British political institutions during the World War. The greater part of the book is taken up with the changes that have been effected in the old departments of government and with the establishment and organization of new departments. The chapter of most general interest is that on the cabinet, based upon an article by the author which appeared in the *Michigan Law Review* for May, 1918. In this Professor Fairlie shows clearly the revolutionary character of the changes effected in cabinet government by the establishment of the war cabinet. Under the new system the attempt was made to separate the determination of policy from the direction of administration; the relations of the war cabinet were far less intimate than those of the old cabinet with the House of Commons; and the prime minister ceased to be the leader of the House and rarely attended its debates. Unlike all its predecessors, the war cabinet made use of a secretarial staff, which recorded its proceedings, summoned outsiders to its meetings and published official reports, thus abandoning that secrecy which had characterized all previous cabinets in English history. The author indicates that the war cabinet was not a wholly successful experiment, that it was not able to confine itself entirely to questions of policy and that the effort to distinguish sharply between policy and administration seems to have failed. Professor Fairlie's volume is published as one of a series of "Preliminary Economic Studies of the War", edited by Professor David Kinley for the Division of Economics and History of the Carnegie Endowment for International Peace. Though one may question its appropriateness in a series of "economic" studies, he should be grateful to the author for supplementing the standard treatises on English government and constitutional history, all of which have been thrown out of date by the war.

Experiments in International Administration (New York, Harper and Brothers, 1919; xiii, 201 pp.) by Francis Bowes Sayre is timely and makes a real contribution to the steadily increasing volume of

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literature on the League of Nations. While the author is firm in his belief that necessity will compel the success of the new régime, he adds to his faith knowledge by submitting to a critical examination the various experiments hitherto made in internationalization. These he classifies in three groups according to the degree of control delegated to an international administrative organ by the states creating it. Brief analyses are made of international public unions, such as the Postal Union, of more purely political arrangements, like the New Hebrides Condominium, the Albanian Commission and the Congo Free State, as well as of institutions with some appearance of sovereign power, such as the Sugar Commission and certain river commissions in Europe. That many of these have proved unequal to their assigned tasks the author frankly recognizes but finds the reason "not in any fundamental impossibilities in international government" but "in the fact that hitherto nations, loath to restrict the exercise of their own sovereign powers, have been unwilling to accord any real power of control to an international body." He insists that equality in voting power in international bodies must in practice be modified as well as the rule of unanimity which has hitherto prevailed. Otherwise, "if the League of Nations cannot act until all agree, it will never be capable of any but petty action".

Dr. Cecil F. Lavell in his volume of essays entitled *Reconstruction and National Life* (New York, The Macmillan Company, 1919; xii, 193 pp.) sketches in broad outline what he conceives to be the development during the past hundred years of the peculiarities of four peoples—the French, the Germans, the Russians and the British—and indicates briefly the possible effects of the World War upon the evolution of these nations. He finds sources of Europe's trouble "in the thwarted development of nationality and democracy, in the mixture of good and evil in expansion, in the class conflicts and social upheavals that have come from the working-out of the industrial revolution," but he is far less interested in material facts than in spiritual forces. It is the "soul" of a nation rather than its pocketbook which he would expose. All the nations reviewed are treated most sympathetically, even the Russian and the German; and the English in particular are viewed so sympathetically that the reader is likely to pity the poor little English lamb for lying down quite innocently with the monstrous, roaring Irish lion. Never profound and sometimes vague, the essays are frequently suggestive and may well provide an interesting supplement to manuals of nineteenth-century history.

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Among the many military critics who commented in the American press on the battles and campaigns of the World War, Mr. William L. McPherson of the New York *Tribune* was conspicuous for his grasp of strategical problems and for his interpretation of military events. In *The Strategy of the Great War* (New York and London, G. P. Putnam's Sons, 1919; x, 417 pp.) he reprints articles and parts of aticles which appeared in Sunday issues of the *Tribune* in 1919 and elaborates the theories outlined in his daily "Military Comment" contributed to the same newspaper during the spring, summer and autumn of 1918. He holds that Germany, while lacking in the moral qualities necessary for world leadership, possessed the material resources to achieve a limited victory, that she had in fact almost won the war by the beginning of 1917, when her eastern conquests had laid the framework for a Teutonized Mittel-Europa. But grandiose aspirations after world empire and the concomitant military program of victory in the West as well as in the East led to her gambler's venture of World Power or Downfall. The author dissents from the "attrition theory" advanced by Belloc and other writers. "Germany", he says, "was not destroyed by the weight of outside numbers. She was destroyed by madness within." Her fatal error lay in challenging the United States and thus turning a European war into a world war. Not only was there no Bismarck to hold the German General Staff in leash, but in the General Staff the counsel of the two plungers, Ludendorff and Tirpitz, prevailed. The first part of the volume is devoted to general outlines, the second part to particular campaigns. The value of the book for the general reader, for whom rather than for the military expert it is obviously intended, would be greatly enhanced if it contained maps to illustrate the military operations described in the text.

The translation into English of Treitschke's *History of Germany in the Nineteenth Century* by Eden and Cedar Paul, of which the first four volumes have been reviewed in the POLITICAL SCIENCE QUARTERLY, has now reached its fifth volume (New York, Robert M. McBride and Company, 1919; xiv, 653 pp.), which, like its predecessors, is prefaced by a valuable introductory note from the pen of Mr. William H. Dawson. The present instalment, embracing Book IV of the original, covers a very brief period, for, excepting the survey of intellectual movements contained in the final and perhaps for the majority of readers most attractive chapter on "Young Germany", the events narrated fall for the most part within the few years immediately preceding and following the July Revolution

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of 1830. Both in thought and style the contents of the book are thoroughly characteristic of Treitschke. His detailed account of the revolutionary movement of the '30's richly illustrates his narrow reactionary spirit and his dislike of everything French. His treatment, at times prolix and tedious, of the rise of the Customs Union affords him an unsurpassed opportunity to berate Austria and the Germanic Federation and to sing the praises of an all-wise and all-powerful Prussia. His lengthy review of events connected with the establishment of Belgian independence enables him repeatedly to snarl at England and to bite at "small, weak states". Relatively few persons will be prevailed upon now, after the collapse of that Germany of which Treitschke dreamed and toward the building of which he contributed no small part, to read carefully this whole volume, but those who do read it will be amply repaid. Not only will they have a better understanding of what has been the matter with Germany during the last generation, but they will perceive how the happenings of the past few years have made these very pages of Treitschke more amazingly ironical than even he, the master of irony, could have imagined.

The late George W. E. Russell was remarkably industrious as a journalist, a reviewer and an author. He wrote many books, several of which were of great service to students of the political history of England in the nineteenth century. Russell, as a cadet of a great Whig family, was steeped in the history and traditions of the Whigs and had accumulated a large knowledge of the personalities of men in the Whig cult. He was also, at one time, a member of the House of Commons and held minor office in a Liberal administration. With him the study of political history and contemporary English politics was almost a passion. In addition to all these qualifications he enjoyed from the time he left Oxford University exceptional opportunities of learning, observing and noting developments, tendencies and influences in the world of politics in London. *Prime Ministers and Some Others: A Book of Reminiscences* (New York, Charles Scribner's Sons, 1919; 345 pp.) is the last book, it appears, that Russell wrote. It will prove as informing and as serviceable to students of English political history as any of his earlier works. Palmerston, Russell, Derby, Disraeli, Gladstone, Salisbury, Rosebery and Balfour are the premiers of whom he writes in these reminiscences. The studies of these statesmen are characterized by much frankness of expression as well as much candor in appraisal. In nearly every one of them there is something that will

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prove new and helpful to students of English political history, no matter how familiar they may be with the authorized biographies of premiers from Palmerston to Campbell-Bannerman. Better than any other man in England Russell was equipped to write a history of the Whigs from the Revolution of 1688 to their disappearance in the first decade of the present century, but, for some reason that has never been explained, he did not write the book that many students of English party history had long been expecting as his outstanding contribution to the literature of English political history.

The report prepared for the Canadian Commission of Conservation by Mr. J. Grove Smith on *Fire Waste in Canada* (Ottawa, Commission of Conservation, 1918; 319 pp.) is concerned with a subject that is rightly described as of "paramount and far-reaching importance." The fire losses of Canada since the Dominion came into existence are estimated at $700,000,000, and considering that the population at the present time scarcely exceeds seven millions, Mr. Smith does not exaggerate when he asserts that a continuation of the loss of property and life by fire at the present rate "cannot but vitally affect the economic future of the country." The average annual fire loss per capita in Canada is estimated by Mr. Smith at $2.96 as compared with $2.26 for the United States, $0.64 for England and $0.28 for Germany. The report covers a large field. It includes surveys of fire waste and fire protection, the connection of building and town planning with the spread of fires, fire insurance as affecting fire waste, and the conditions making for the excessive fire waste in Canada. There are suggestions for the prevention of fire, which, Mr. Smith points out, is much more economical than provision for fighting fires, although fire protection has been much more adequately provided by the municipalities of Canada than fire prevention. The passage of legislation for better control of fire risks and the enforcement of this legislation, Mr. Smith believes, should lie with the provincial governments. The relation of the Dominion government to the problem should be educational and advisory. There is favorable mention of the European system of rigorous investigation concerning the origin of fires and severe penalties in case of negligence as well as of criminality. While the report is primarily for Canadians, use is made of American conditions and statistics for purposes of comparison, and the general conclusions apply almost as much to this country as to Canada.

Writers of English political biography, and in particular those who are entrusted with the diaries and correspondence of the sub-

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jects of their memoirs, are usually exceedingly reticent in their treatment of home and family life and in their references to the wives of the men with whose political careers they are concerned. To any one who understands the attitude of men and women who are high and well established in political life toward all forms of unnecessary publicity, the reasons which explain this reticence in political biography will at once suggest themselves. Miss Elizabeth Lee and Mrs. C. F. G. Masterman in writing *Wives of Prime Ministers, 1844-1906* (New York, E. P. Dutton and Company, 1919; xix, 252 pp.) were obviously free to a large extent of this tradition of reticence. From an English point of view the field into which these ladies have ventured has its difficulties and its dangers. It must at once be conceded, however, that their book is marked by good taste; and it must be added that it cannot fail to be both interesting and helpful to students of English political biography. It fills up some gaps in the authorized biographies of Melbourne, Peel, Russell, Palmerston and Gladstone. Sketches of the lives of the wives of these premiers are to be found in the Lee-Masterman portrait gallery, as are sketches of Lady Salisbury and Lady Campbell-Bannerman. One of the best of the sketches is that of Lady Peel.

The kaleidoscopic changes that are taking place in English social conditions give the second edition of B. Seebohm Rowntree and May Kendall's *How the Labourer Lives* (London, Thomas Nelson and Sons, Ltd., 1917; 342 pp.) an interest that does not often attach to second editions. The volume is concerned chiefly with the wage problems of the laborer, and a series of laborer's family budgets is presented, each one showing the impossibility of living properly on the pittance which the laborer used to receive for growing the food of the nation. It is only by a comprehension of the laborer's living conditions, such as is given by these budgets, that the great importance of the changes now being made in English rural life through the operation of the new minimum-wage rates can be appreciated.

The Awakening of England (London, Thomas Nelson and Sons, Ltd., 1918; xii, 361 pp.) by F. E. Green is also a second edition. It presents a series of contrasted pictures. The author shows on the one hand the waste of English land given up to game in order that the rich may enjoy themselves, and on the other hand the full use of land where the authorities have put into operation legislation for small holdings. The book was originally written for the purpose of arousing Englishmen to a sense of their danger in not producing enough food to supply the needs of the nation for even half of the

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year. The second edition appeared after this danger had become a calamity and England had experienced suffering through the stoppage of foreign supplies.

Critics of the draughtsmanship of the League of Nations Covenant might find equal cause for complaint in some of the clauses of the Constitution of the United States. For lack of clarity it would be hard to rival the provision in Article 4, Section 2, that "the citizens of each State shall be entitled to all the privileges and immunities of citizens in the several States." As the clause has been interpreted by the Supreme Court it means practically that no state shall discriminate unduly against citizens of other states. That other interpretations would be justified by the language of the Constitution is apparent from the difficulties which have beset the courts in picking the interpretation that has now become established. These difficulties are the theme of Roger Howell's *The Privileges and Immunities of State Citizenship* (Baltimore, The Johns Hopkins Press, 1918; vii, 117 pp.). After considering the history and general scope of the "comity clause", Dr. Howell gives separate treatment to the rights protected against discriminatory legislation and those not so protected, to the justifications under the police power for special treatment of citizens of other states and to the non-protection given to foreign corporations. The author presents a useful review of the decisions and some valuable criticism of the reasoning of the Supreme Court. His keenness for logical defects seems to blind him somewhat to the importance of practical distinctions which have influenced and in many cases justified the departures which he criticizes. The work gives evidence of haste, which is undoubtedly explained by the "Second Lieutenant, 17th Infantry, U. S. A." under the author's name on the title page. We shall doubtless have a brood of war theses which fail to do full justice to their authors.

Mr. Frederick J. Allen's declared purpose in writing *The Law as a Vocation* (Cambridge, Harvard University Press, 1919; viii, 83 pp.) is "to present a clear, accurate, and impartial study of the law in the hope of offering assistance to those who are attempting to choose a career or who are about to enter upon the profession." There is no doubt that the author is clear, accurate and impartial. He is also most commonplace and uninspiring. No one will doubt that "true leadership in the profession will depend upon ability, equipment, and moral and social qualities" (page 33), that "only lawyers of judicial fitness and unselfishness should be elected as judges" (page 40) or that "lawyers are found in considerable

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numbers in the governing bodies of towns and cities, in state legislatures, and in the National Congress" (page 20). There is something not unpleasing in the sunday-school-quarterly-for-the-primary-grade quality of Mr. Allen's writing. If children of ten are seriously troubled about the choice of their future career, they will find this volume of genuine service. Its scope is accurately outlined in the preface as "a review of the nature of the law, present-day legal conditions, personal and educational entrance requirements, the dangers and advantages incident to practice, the high professional demands made upon the lawyer, the varied fields of service open to him, his probable earnings and emoluments—in a word, all that has a distinct and important bearing upon the law as a vocation."

Any effort to reduce the waste of time and money spent in litigation over the technicalities of procedure deserves commendation. Such an effort is made in Mr. Thomas W. Shelton's *Spirit of the Courts* (Baltimore, John Murphy Company, 1918; xxxvii, 264 pp.). It follows by the syllogism that the book deserves commendation. Mr. Shelton believes that legislative interference is the chief cause of our procedural difficulties and that a great reform would ensue if the courts were vested with power to frame the rules governing all the details of pleading and procedure. The legislature should confine itself to telling the courts what to do, leaving them free to determine how they shall do it. The evils of our present state are conclusively demonstrated by statistics and fervent rhetoric. Necessarily the author has no recourse to statistics in supporting the merits of his proposed remedy. He nevertheless convinces us that it is worth a trial.

Notwithstanding the voluminous literature on the subject of workmen's compensation, there is real need for such a volume as Durand Halsey Van Doren's *Workmen's Compensation and Insurance* (New York, Moffat, Yard and Company, 1918; viii, 332 pp.), which presents in untechnical fashion the history of the movement, the various types of legislation and the results of experience in administering the laws that have been adopted. Especial attention is devoted to the New Jersey plan and its practical operation. There are chapters on constitutional issues, the attitude of labor and the Soldiers' and Sailors' Insurance Act. No attention seems to be paid to the Arizona statute which, as required by the state constitution, sets no limits to the compensation which may be recovered and leaves the assessment of damages to a jury. The author seems too sanguine when he thinks that the question of the extraterritorial effect of a compensa-

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tion law "does not present a problem of very great moment" (page 128). But in spite of minor sins of omission or commission, Mr. Van Doren has written a most useful account of the problem of compensation for industrial accidents and of the way in which it is being met in America. The book was awarded the David A. Wells prize at Williams College in 1917.

A highly technical subject is dealt with in highly technical fashion by Professor Ernest G. Lorenzen in *The Conflict of Laws Relating to Bills and Notes* (New Haven, Yale University Press, 1919; 337 pp.). The work is a valuable reminder of the difficulties of commercial intercourse in a world cut up into many independent sovereignties and of the great need of finding devices to improve the situation. In the field which he has selected for treatment Professor Lorenzen shows us where we are and points out the paths which lead to better things. His exhaustive research and constructive criticism make his work a model for similar investigations of other problems of government.

In *European Treaties bearing on the History of the United States and its Dependencies to 1648* (Washington, Carnegie Institution, 1917; vi, 387 pp.) the Carnegie Institution has published a useful piece of work. It comprises a collection of forty documents, beginning with the papal bulls of the latter half of the fifteenth century and running on through the treaties, leagues and agreements relative to America down to the Treaty of Münster of January 30, 1648, the purpose being "to illustrate the diplomatic aspect of the great struggle which, from the fifteenth century onwards, was in progress between the governments of the maritime powers of Europe, over the question of participation in the trade and territorial possession of the newly-discovered lands." Each document is given in the original text, accompanied by an explanatory introduction, bibliography, notes and translation (except of the French texts). A general introduction correlates the events behind the documents and gives them historical continuity. Altogether, much valuable material has been made accessible in convenient form. A second volume will cover the period from 1648 to 1713.

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